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FBIS-LAT-95-154 *10 August 1995*

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Decisions Made at Mercosur Summit Detailed

PY0908214895 Sao Paulo GAZETA MERCANTIL in Portuguese 7 Aug 95 p A7

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Asuncion — The first presidential summit of Mercosur [Common Market of the South], held seven months following the initial implementation of the customs unity and free trade zone between Brazil, Argentina, Paraguay, and Uruguay, ended on 5 August in Asuncion with several important results, including the decision to adopt within 30 days measures to guarantee the free circulation of products in the four countries. The Brazilian Government will have to present solutions to the problem of the reduction in the term of validity of import licenses and the demand for cash payments for some imported goods. These problems particularly affect Argentina and Uruguay.

It was also decided during the Mercosur summit to summon a meeting of ministers in December to define a work program for the consolidation of a common market by 2000. This strategic plan of Mercosur for the year 2000 is called the "Asuncion Mandate," with objectives similar to those of the EU plan known as "Europe 92."

Other measures were also approved during the Mercosur summit: a protocol to harmonize norms to prevent commercial trademark piracy; an agreement to recognize high school and university grades and diplomas; a memorandum of understanding for a free trade agreement with Bolivia, the negotiations for which must be concluded by 30 July 1996; a Chile/Mercosur communique also envisaging the creation of a free trade zone for products, physical integration, and institutional aspects; the determination to sign a framework agreement of trade and economic cooperation with the EU before the end of the year; and an agreement to participate in a work program to begin negotiations for the formation of the Free Trade Area of the Americas (FTAA).

Mercosur will participate through seven work groups created during the Denver meeting. These work groups will begin to operate in August, and must present their reports by March 1996 during a meeting that will take place in Colombia.

It was also decided during the Mercosur summit to create a new mechanism easing the import rates of the Common External Tariff (CET) list whenever a shortage of some specific inputs and raw materials occurs in the region. This new mechanism should become effective on 28 April.

The Mercosur institutions have become more sophisticated in facing the new tasks demanded by the integration process. The Common Market Council, made up of the foreign and economy ministers, approved a new structure for the subgroups of communications, mining, technical regulations, financial issues, environment, industry, energy, labor matters, employment, and social security. They decided to maintain the so-called meetings among the ministers of economy, education, justice, labor, and agriculture, as well as of central bank presidents. Mercosur has likewise instituted meetings among health ministers.

"Ad hoc" groups will be created to study the subjects of services, institutional aspects, and relations between Mercosur and the member countries of the Latin American Integration Association (ALADI): Bolivia, Chile, Colombia, Ecuador, Mexico, Peru, and Venezuela. Two other "ad hoc" groups will study subjects related to the World Trade Organization (WTO) in order to brief Mercosur members on Mercosur's compatibility with the free trade rules approved by the Uruguay Round of GATT talks.

Another piece of news: It was agreed during the Mercosur summit to create a technical cooperation committee made up of representatives of the subgroups, of the "ad hoc" groups, and of the expert meetings. This committee has 45 days to propose to the Common Market Group (GMC) negotiating guidelines on priority tasks, taking into account the current stage of the integration process.

The GMC has established a mechanism to guarantee the supply of raw materials and inputs that are scarce in Mercosur. The Trade Committee, which is subject to the GMC and whose task it is to verify the application of the trade policy instruments, will analyze the petitions made by the member countries to draw up a list of exceptions to the CET of products not available in Mercosur, which for this reason must be imported from third countries with low import tariffs. This mechanism, which will be in force until 28 April, when the validity of the Brazilian 150-item list of exception expires — the so-called "Dallari" list — foresees the inclusion of up to 50 different tariffs.

This new mechanism was adopted in face of the refusal of Brazil, Argentina, and Uruguay to accept Paraguay's petition to introduce 50 more exceptions to the CET, beside the 399 it already has a right to. "It was created to save face for Paraguay," which would have become demoralized if it had not managed to obtain at least part of what it wanted, Mercosur sources said.

Rather than only Paraguay, each member country will have the right to request the reduction of import tariffs as long as it proves it needs it. Resolution No. 22/95 of the GMC states that the rest of the member countries can equally reduce their import tariff on the same product

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to preserve equivalent competitive conditions within the region. According to Brazilian Economic Coordination Secretary Jose Milton Dallari, by 28 April the four member countries will evaluate the new mechanism and decide whether or not it will be maintained.

In 30 days' time at the most, the countries accused of having adopted measures that harm trade within Mercosur will have to present solutions. Such is the case with Brazil, which by reducing from 90 to 60 days the validity term of import licenses and by demanding cash payment for some imports has particularly harmed Uruguay, which complains of restrictions on rice and textile exports to Brazil.

The Mercosur summit also approved adjustments to the CET terminology and technical resolutions that determine: technical norms for the circulation of olive oil in plastic containers; specific rules for the transportation of ethylene glycol and diethylene glycol; a test run of the free circulation of packaging material and cellulose equipment; net weights of beef products; and pesticide residues in natural agricultural food products. The Mercosur summit has likewise approved two other measures on ultraviolet filters, and allowed coloring agents.

Brazil, which is the country most affected by acts of piracy against its trademarks, obtained the approval of a protocol that will guarantee protection for the businessmen of the four countries. The 28-article protocol signed by the foreign ministers states: "The member countries will deny trademark registry petitions that unquestionably affect rights of third parties, and will annul the registries of trademarks requested with ill intentions that unquestionably affect the rights of third parties."

The Mercosur industrial property offices will exchange information on the registry of already authorized trademarks. "It will thus be difficult for a country to allege that it mistakenly authorized the registry of a trademark because it did not know it," said a Brazilian diplomatic source. The protocol has to be approved by the congresses of the four countries.

Area Association Agreement Ratified, Meetings Previewed

FL1008115195 Bridgetown CANA in English 2210 GMT 9 Aug 95

[By Rickey Singh]

[FBIS Transcribed Text] Bridgetown, Barbados, Aug 9, CANA — Enough countries have ratified the convention to bring into operation the 25-nation Association of Caribbean States (ACS), well-placed sources reported Wednesday. They said the Caribbean Community [Caricom] Secretariat was officially advised that Colombia had become the 17th country to ratify the ACS agreement, thereby providing the required two-thirds majority of signatory states to the Convention.

The 31-article Convention to inaugurate the ACS with its estimated 200 million population and combined gross domestic product (GDP) of approximately $500 billion, was signed at Cartagena, Colombia, on July 24, 1994. The date of the signing ceremony was a gesture in honour of Venezuela and its "great liberator", Simon Bolivar.

Guatemala, which was unable to host a scheduled ACS ministerial planning meeting earlier this month, has indicated its interest in Trinidad and Tobago now hosting such a meeting. It is, therefore, likely that Prime Minister Patrick Manning's government, which is hosting the first-ever ACS-wide Summit on Tourism, Trade and Transportation August 17-18 in Port-of-Spain, will now also host the delayed meeting of the ACS ministerial committee, the sources said.

The Tourism, Trade and Transportation Summit is expected to be the first major ACS event since the inauguration of this new hemispheric mechanism to strengthen co-operation in cultural, economic, political, scientific, social and technological relations. Should the ACS ministerial meeting take place in Port-of-Spain next week, as now expected, arrangements will be "firmly advanced, if not finalised" for the ACS secretariat headquarters in Trinidad and also the appointment of its first Secretary General, a Venezuelan, the sources reported. The signatory countries had originally hoped to have the ACS secretariat in operation by the first anniversary of the "Cartagena Convention", or, alternatively, in time for next week's Tourism, Trade and Transportation Summit.

In considering a suitable headquarters for the location of the ACS Secretariat, Trinidad and Tobago won backing from its Caricom partners as being "an ideal geographic position" between the island states and the other member countries, and one with a Spanish, French and English historical background.

ECCB Governor Urges Regional Economic Union

FL1008011495 Bridgetown CANA in English 2015 GMT 9 Aug 95

[FBIS Transcribed Text] Castries, St. Lucia, Aug CANA — At a time when significant changes in economies of the Caribbean are happening, governor the Eastern Caribbean Central Bank (ECCB), Dwi Venner, is urging member countries towards econo union. Venner was addressing the 26th Monetary Co cil meeting of the ECCB, which opened here Wed day. The ECCB governor told the finance ministers at

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the meeting was being held at a watershed in the affairs of the sub-region and of the international system. He said the bank had established a broad-based strategy to place member countries in a position to participate in the new environment.

Among the initiatives taken, Venner pointed out, were an economic development strategy, a fiscal reform programme, the development of money and capital markets, and a programme for the establishment of a viable economic relations strategy with regard to external affairs.

"We are convinced that in these institutions, that economic union is a practical goal and a way of encouraging the sustainable development of our countries," Venner said. In his address, Prime Minister John Compton paid tribute to the stability of the Eastern Caribbean dollar, and of the sub-region in general. Compton noted that at the time when the Eastern Caribbean had in a short time experienced a number of changes in government, the dollar has not been devalued; neither had troops been called out in a state of emergency.

"This is a mark of maturity of the region as we have worked hard since independence to create this stable economic and political climate," Compton said.

Outgoing chairman of the Monetary Council, Prime Minister Dr. Keith Mitchell of Grenada, called for the involvement of the Central Bank in any structural adjustment programme carried out by individual territories.

"I feel strongly that strong advisory support must be given to all the territories as it would be a tragedy if individual economies proceeded to sell out our national assets without a clear indication of the medium-and long-term effects of those decision," Mitchell said. He said that the more solid support that is received from regional institutions such as the Central Bank, the more informed their decisions would be.

The finance ministers, some of whom are OECS heads, are discussing the operations of the financial markets and the economies in the sub-region during the last six months. They will review issues such as the OECS fiscal reform programme, plans for the establishment of an OECS Stock Exchange next year, and a government securities market to serve the sub-region.

Bank Approves Colombian Science, Technology Financing

FL1008115295 Bridgetown CANA in English 2219 GMT 9 Aug 95

[FBIS Transcribed Text] Washington, Aug 9, CANA — The Inter-American Development Bank (IDB) has approved $100 million in financing to strengthen Colombia's science and technology programme, making it an integral part of a national effort to improve productivity and sustainable growth. The programme will promote innovation and development in the productive sector, research at nonprofit centres and institutes, advanced scientific training, and technological information and dissemination systems. An IDB release says the financing reflects its emphasis on the importance of enhancing technology of the borrowing-member countries to strengthen the private sector's international competitiveness. Earlier this month the Bank approved a $24 million loan to Ecuador to strengthen that nation's science and technology capability.

In Colombia's programme, the release states, previous science and technology programmes will be consolidated, and associations between research centres and potential users of research findings will be enhanced. The relevance of research projects to practical and productive applications will be increased, and further innovation and technological development, conducted within businesses, will be promoted, it adds. The Francisco Jose de Caldas Colombia Institute for Scientific and Technological Development, also known as Colciencias, will be strengthened, and its position as the pivotal institution for technological innovation in Colombia will be consolidated. Colombia's initiatives in science and technology are central to the success and sustainability of the current effort to modernise and internationalise the economy. The total cost of the programme is $219 million. Of the IDB financing, $70 million will be for 25-year term with a four-year grace period at the variable annual interest rate, now 6.77 per cent. Another $30 million will be for a 10-year term, with a five-year grace period, at a rate of interest that will be indexed to the bond market at the time of disbursement of the loan.

Mexican, Venezuelan Oil Agreements To Benefit Caribbean

FL0908003595 Bridgetown CANA in English 1855 GMT 8 Aug 95

[FBIS Transcribed Text] Caracas, Venezuela, Aug 8, CANA — Eleven nations in the Caribbean and Central America stand to benefit from increased oil supplies through an agreement signed last week by the presidents of Mexico and Venezuela. Venezuelan President Rafael Caldera and Mexican President Ernesto Zedillo initialled an agreement in their respective capitals that will increase oil supply in the Caribbean through the San Jose Accord. The accord guarantees an oil supply of up to 160,000 barrels per day to importing countries in Central America and the Caribbean. Up to 25 per

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cent of the oil bill can act as a form of long or short-term credit to finance trade in goods and services and other commercial development programmes among the countries that import oil from Venezuela and Mexico through the pact.

The countries that import oil through the San Jose Pact are Barbados, Belize, Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Panama, and the Dominican Republic.

Known officially as the 15th Energy Cooperation Programme for Caribbean and Central America, it was first signed by the two countries for the first time on August 3, 1980, in San Jose, Costa Rica, and they have continued renewing it ever since. The 15th agreement covers the period between 1995 and 1996 and will include the same terms as last year's document, with an additional reference to a decrease in volumes and the need to optimise supplies.

According to President Caldera: "Venezuela actively recognises the principles of international social justice that we've proclaimed at all levels and through all conditions, and in certain ways, we are open to energy trade cooperation among countries in the Americas." The original document was modified with the following article: "Considering the volume of oil supply demanded last year was less than the amount offered, due largely to changes in the importing countries' fuel policies, Venezuela and Mexico propose to examine various alternatives to increase each country's supply quota".

Brazil Retreats on Measure Against Textile Imports

PY1008022795 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Aug 95 p A6

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] The Brazilian Government has retreated on a previous decision, and has decided to grant importers 30 days to pay for 40 kinds of textile imports. Nearly two months ago the government established that imported textiles had to be paid for in cash, in a move to curtail their advantages over Brazilian textiles. Following repeated complaints from importers, the government decided to authorize for these items the same period for payment that is used in transactions between wholesale and retail businessmen in Brazil.

The new measure came into effect today through an administrative provision by the Ministry of Industry, Commerce, and Tourism (MICT). The MICT decision includes a novelty: Four clothing products, including woolen suits from Uruguay, can be imported freely without any government-established payment period.

These new measures were announced yesterday by Frederico Alvarez, MICT executive secretary and acting minister. He also confirmed that 13 textile items — 10 kinds of textiles and three types of clothing — will be included on the list of exceptions to the Common External Tariff (CET), the so-called "Dallari list." The 13 textile items will be charged a 70 percent import tariff, which represents a considerable increase, as their current tariffs are 18 percent for textiles and 20 percent for clothing. The government will keep cotton thread and fiber on the exception list with 4 and 6 percent import tariffs respectively.

Brazil has thus solved the problem of cash payments for Uruguay before a month is over, which is the time the Brazilian Government had obtained to resolve it.

As anticipated by this newspaper, the Brazilian Government really intends to adopt a system of specific rights [direitos especificos] to establish import tariffs on textile products, similar to the system in use in Argentina since 1991. "Specific rights grant us a certain flexibility to work on an effective protection," said Alvarez, who together with Brazilian Finance Ministry experts met yesterday with Argentine Industry Secretary Carlos Magarinos to learn about the experience of Argentina.

The Argentines left at the MICT a list of products with their prices and the specific rights charged on them, to help the Brazilians better understand how their system works.

The eventual adoption of specific rights by Brazil is an important step toward the harmonization of tariff policies for textiles. Resolution No. 124/94 of the Common Market Group, which is the Mercosur executive organization created in Ouro Preto, in turn created a technical committee to study a common policy for textile imports This new technical committee has still not met.

The Brazilian Government rules out import quotas on textiles because this kind of measure, which is authorized by the World Trade Organization (WTO), requires that the quota be based on the average amount of textile imports of the previous two months. According to ABIT [Brazilian Textile Industry Association] projections, the Brazilian textile trade balance, which traditionally registered surpluses, could close the year with a nearly $4 billion deficit. This means it expects to export $1.5 billion and import $5.5 billion worth of textile goods.

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Cuba

Castro Accuses U.S. of Spying To Deter Foreign Investments

BR0908104995 Madrid EL PAIS in Spanish 8 Aug 95 p 5

[Report by Mauricio Vicent: "Castro Says United States Is Spying on Cuba in Order To Pressure Foreign Investors"]

[FBIS Translated Text] Havana — Cuban President Fidel Castro has asserted that the United States is conducting "espionage actions" against his country and tapping numerous telephone conversations of an economic and commercial nature in order later to pressure foreign businessmen not to do business with Cuba.

"They have satellites spying on everything... You can rest assured that if a dog goes to the park in order to do his business, the U.S. satellites observe it, photograph it, and know it," Castro asserted.

The Cuban president addressed Sunday the over 1,000 Cuban and foreign delegates who took part in the "Cuba Lives" international youth festival organized by the Cuban Union of Young Communists in order to condemn the blockade and in solidarity with the island's government. Castro said that the U.S. blockade against Cuba is much more "than forbidding selling or buying." "There is no official telephone conversation in this country which they do not pick up; there are no conversations with political personalities or with enterprises of some importance which they do not pick up," he stressed. In the Cuban leader's opinion, the blockade is primarily "an incessant persecution against any trading activity which this country tries to conduct."

Castro, who did not mention names or specific cases, asserted that many businessmen interested in investing in the island have been pressured by ambassadors and other U.S. officials after having telephone conversations with Cuba. "They do not want them to invest in anything, or for us to secure a credit, or for us to privatize anything: The only thing that they want is our heads, and they have not even bothered to discuss the price," he emphasized.

He referred to the economic reforms which his regime has been undertaking for two years, and asserted that, although they introduce elements of capitalism, they do not represent a return to it. "The Christians were the first Communists, because they went to the circus in order to be eaten by the lions, and allowed themselves to be eaten, but they did not renounce their faith," he said.

Castro Compares Cubans to 'Fine Fighting Cocks'

FL1008001295 Havana Radio Rebelde Network in Spanish 2300 GMT 9 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] On 9 August, Commander in Chief Fidel Castro presided over a ceremony in honor of the Interior Ministry [Minint] National Special Brigade, at which he stated that Cubans are like fine fighting cocks that do not leave the ring or abandon the fight, but fight to the end. He added that Cubans are not the type of people to surrender. Reporter Eva Alvarez covered the ceremony, and interviewed a brigade member:

[Begin recording] [Alvarez] The Minint National Special Brigade, a police force of young men and women who look after the people's security, today celebrated its 15th anniversary. Kiki Corona wrote a song dedicated to brigade members, which was introduced for the occasion. I bring you the music and the testimony of young First Lieutenant Carlos Paz. [Song excerpt follows]. Carlos, you have spent some time in the brigade. Can you tell me about the disposition of the young people who are part of the Minint National Special Brigade?

[Paz] All brigade members are willing to defend the Revolution to the end. Today we are happy to be celebrating the 15th anniversary of the National Special Brigade, with the pride of fighting cocks. Our slogan compares us to fighting cocks, which never leave the ring. We will therefore fall upon the enemy like fine fighting cocks if they try to conquer our country. I am an officer assigned to the [word indistinct] sector in the National Special Brigade. [Song continues] [end recording]

Castro Closes 'Cuba Lives' Festival

PA0908135095 Havana Radio Rebelde Network in Spanish 1730 GMT 7 Aug 95

[Speech by President Fidel Castro closing the "Cuba Lives" festival at the Karl Marx Theater in Havana on 6 August — recorded]

[FBIS Translated Text] Dear comrades and friends at home and abroad: Here — and I am saying this with total sincerity — it seems to me there is really nothing left to say. All has been said and much better than I could say. Pressure from the organizers and mainly from Vicky have made me come here to... [applause] deliver a few words. [crowd chants] To make matters worse, my voice has practically gone on strike. [laughter] What can I do? We cannot hurl tear gas at it [laughs] or begin to crush it with water cannons and all those things we see every day. So I will continue with it, trying to fulfill the mission as best I can.

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We now have two groups. One participated all day long and knows the topics that were debated, what has been said and what... [pauses] in sum, the arguments, ideas. The other group consists of the ones who were not present today. In addition, we are honored to have the presence of the diplomatic corps at a function like this one. What a headache it is to be a member of the diplomatic corps in a ceremony like this one. Experience tells me that if they applaud, it will be said they applauded, if they do not applaud, it will be said they did not, if some get up and others remain seated, it will be said the diplomats remained seated. That is what happened when you began to chant: Cuba lives.

Out of discipline, the diplomats remained in their seats, but I do not believe that any of them does not want Cuba to live. [prolonged applause] Robertico, in his speech this afternoon, gave a brilliant lecture on the fundamental concepts and ideas that are today related to our revolution. I think that Vicky also gave a great speech. Very few things remain to be talked about tonight.

I prefer to think, first, about the world you have to live in, meaning, the young people who are represented here, whom I am primarily addressing. In our opinion, I mean in the opinion of revolutionaries, persons who are not or cannot be pessimists, it is a very difficult world. We talk with glee about the fact that we are a few years from the year 2000. We talk of the next century. It is very logical. The last thing a man ever loses is hope. But the way we see things, it seems to me that these new generations that you represent, today's children in Cuba and everywhere in the world, will have to face very serious problems in every respect.

I am not talking now of environmental problems. For the first time the possibility that the world can survive the destruction that is taking place in nature and man's means of existence has really been cast into doubt. This has been talked about for a long time, but it is becoming increasingly evident, visible, and more worrisome. For example, we have been talking about the well-known greenhouse effect for some time now, and the same goes for the ozone layer and other similar problems.

We are seeing the greenhouse effect. Cuba already sees and perceives it. The world is witnessing what is happening. Terrible heat waves everywhere. The heat killed almost 1,000 persons in the United States. People have died in England, Europe, everywhere. According to records, the past few years have been the hottest in 100 years. We are seeing the consequences in these effects, but they would not be by any means the worst ones. We have seen all sorts of atmospheric phenomena, of unusual behavior. We have just seen a cyclone or hurricane. As it swept through Florida it dropped torrential rains in our country, located hundreds and hundreds of kilometers away.

We have had recent proof of how man is destroying natural means and overexploiting them in the conflict that arose between Canada and the EC over a species called the turbot. We know it because we have heard a great deal about it in recent months. War almost broke out over the turbot fish banks. The fishing places are being depleted not just there but in the South Atlantic and many other places. The population, however, is drawing close to 7 billion. In the much talked about year 2000 the world population will be close to 7 billion. If I am not mistaken, or [words indistinct] the gadget they have given me. One can sit in front of it to see how the population grows by the second or by the minute.

The phenomena of droughts are taking place everywhere. There are big droughts, big rains. Tremendous floods in China cause so much harm, killing thousands of people in many parts of the world. Or there are long dry spells. I want to say that we are beginning to clearly experience the effects of the destruction of the environment.

It is horrifying to hear the number of species — animal or vegetable species — that are destroyed every day in the world. This phenomenon is visible, meaning, it is clear the growing population will face tremendous ecological problems, and you will be the witnesses to it.

I am referring to other aspects of the matter: the political and social aspects. Will the next century, which is the subject of so much comment, be the century of unipolar hegemonism? Of domination of world politics by one country or a group of countries? Will that century be the so-called century of economic globalization? Of the full and total triumph of multinationals?

With the imposition of a new economic world order, which will be much worse than the one we have today, what will be left in that world for the countries that make up the immense majority of humanity? That make up three-fourths of humanity? What guarantees and securities will they have? Will they compete with the most modern and most developed technologies? What will their markets be? What will happen to the price of their products? What place will they occupy in the world?

We are no longer talking about the formerly termed Third World countries. We are also talking about countries that were not defined as Third World countries, that is, the Soviet Union and socialist countries, which have

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in fact become part of the Third World. Economic indexes, GDP, and their possibilities of competing and finding markets and they have come to increase the number, we could say, of poor ones in this world. [sentence as heard]

The rules that should govern international commerce were recently established. They are contained in the so-called Uruguay Round of the GATT, of the World Trade Organization, and the large powers are already starting to oversee all those rules.

We have seen the methods that the United States has used to settle differences with Europe and Japan: threats of commercial wars, extremely high tariffs to impose its conditions on the rest of the world, even on the developed world.

New theories have emerged. We no longer only have imperialism, which is almost as old as Methuselah in its medieval form, or the modern age Methuselah, we could say, in its contemporary form. We already knew about an empire in history that lasted many years, the Roman empire, whose capitol [capitolio], I think, virtually served as a model for the capitol of the modern empire, the United States.

In the past there was talk about imperialism, there was talk about colonialism, new colonialism during the process of the Cuban revolution that started in 1959.

In the international field, much was being said about these ideas and concepts. They were being studied and analyzed. One no longer talks about neoliberalism, yet some even want the coming century to be the century of neoliberalism. In fact, when the Socialist Bloc and the USSR collapsed, all of these theories emerged with tremendous strength. The time had come to settle accounts and to take over the world economy; all international credit institutions and all developed countries then adopted the policy of imposing that neoliberalism.

We are now seeing the consequences. I do not like very much to mention countries. I do not want to hurt anyone present here or the representatives of some countries. This morning you said that some of the monstrous consequences of neoliberalism are beginning to appear. Just two years ago, we spoke about another problem: The social problems that neoliberalism entailed. It was the worldwide complaint of teachers, doctors, and professionals who came here to Cuba to attend conventions.

Although the credits and budgets for education, health, social security, social development, and similar activities were being eliminated, the crisis of neoliberalism was not yet clearly evident. It is becoming evident now, in the form of the unemployment rate that has tripled in just two years.

There are some major financial crises that can ruin any country overnight. There are countries with tremendous natural resources and huge revenues that are on the verge of social explosion, or in which one sees the daily battle among the workers with the police or the repressive force. You see it everywhere, be it in Central America or in South America. We are seeing the consequences, and some countries have clearly said they will not accept neoliberalism, that they are going to avoid it at all costs.

Some of our friends who are important persons have sent us a message telling us: We do not know where you are going. That is a good question, and it is linked to some of the questions brought up here. However, we advise them not to go where we are heading. In this case, these are friends who are involved in this wave of neoliberalism and who are committed to that policy.

Those effects are such that even international organizations such as the International Monetary Fund and the World Bank are now talking about social development and of granting credits for social development. They are starting to worry seriously over the powder keg they are creating everywhere, particularly in Latin America. In spite of the macroeconomic rates of which they speak, the everyday reality is one of confrontation and of a terrible and desperate situation.

Everything has to be privatized. Well, they have privatized practically everything. They should have prepared their budgets with the revenues from the privatizations, but they have run out of the private properties in the state. Properties that were being created throughout scores of years are disappearing within that practice and philosophy. There is nothing left to be privatized.

One of the results of such privatizations — I was recently reading about this in a news dispatch concerning a South American country which privatized a plane factory — is unemployment. A multinational company came in, and the first thing it did was to reduce the number of workers of that industry from 1,200 to 400. It cannot be said problems will be resolved this way, namely through unemployment. Now the theoreticians of neoliberalism are inventing what to do to fight unemployment, much the same way large banking institutions speak about what to do regarding social development. The basic problem is one: Capitalism and social development have been, are, and will be eternally irreconcilable. [applause]

Capitalism and looting inside and outside of the country are inseparable. Capitalism and unemployment are

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inseparable. If you don't believe that, look at Europe. There are countries in Europe which have over [26-second break in reception] with which an excellent oil, without cholesterol, is produced, something that so much concerns the people, the rich today. The poor practically don't have this problem of cholesterol. Dozens of millions of grapevines; dozens of millions of hectares of land without crops; subsidies to peasants not to produce food; millions of head of cattle that are killed to increase the price of milk; UN Food and Agriculture Organization declarations that the production of cereals is decreasing, which will increase prices of all those cereals Third World countries buy because one knows that wheat is not produced in tropical countries; corn is even produced under very different conditions. We, Cubans, know this for a fact. We have [words indistinct] cycle, etc., climate, plagues; in addition to the climate of temperate zones where all of this is produced.

Killing animals is like killing men through starvation. Destroying plantations... [pauses] What is the rationale behind all this, in a growing world? A world that has more serious problems all the time? But this news is not good for the countries of the world.

They are speaking about a free trade agreement for all of Latin America. No one knows about the consequences all of this have. Some countries that produced corn will stop producing corn, because corn is produced at a lower cost elsewhere. We cannot compete with U.S. corn.

Therefore, a series of mechanisms and plans are being formulated to please those who have development up to 100 times greater than other world countries. They have better chances of competing, experience in competing, very modern technology, and financial resources to give credits to compete with the rest of the world, which lacks all this. The rest of the world will have to face all these problems in the coming years. They are already confronting all of these problems.

I was asked for information — you mentioned it in one of the commissions — about today's phenomenon in audiovisual production for recreation purposes, an almost exclusive monopoly of the United States — which has displaced Europe and practically everyone from that market — whose products we know. Some of these products are good, and the rest are a huge mass of poisons of all kinds. U.S. citizens, or at least many of them, are growing concerned regarding the amount of violence generated and inspired by those television programs, with advertising, as has been said, filled with sex and violence.

They are discussing laws and trying out all kinds of technical mechanisms to see how they select movies and how they can install a system in every home so that specific films cannot be seen. That must be very complicated, and I think the television stations can do this by means of computers, where the United States has an extraordinary advantage.

But they are concerned. Who is concerned about us? What did they used to sell us? Regarding what they sell us? [Words indistinct] about the information highway. New things that will serve to camouflage, through propaganda, and through influencing of the human mind of determined [word indistinct] to consolidate all this economic order which they want to impose on the world.

Many important changes have taken place in these 35 or 36 years. Changes we have had the privilege of observing during the 36 years of the revolution. It is a fact that there are enough solid arguments to affirm that the world that they are designing for the next decade has no future. It will enter a crisis. It will have to enter a crisis. Into that world you will have to try to carry forth the ideas included in your commissions' studies regarding education, health, the environment, women, children, culture, democracy and participation in democracy, and the unemployment issue.

I am not saying these things to discourage you, not at all, but to say you are correct regarding the issues you presented here. It can be said that what you did in this international youth festival was to develop a challenging work program and make an inventory of the problems facing the world today.

With all this a phenomenon arises in specific prominent countries with a [word indistinct], a turn toward reactionary positions. This does not occur everywhere, but it does among some very important countries, including the United States, which play a decisive role in today's world and will inevitably play an important role in tomorrow's world. A tremendous shift, which confounds those who had news and information regarding the great crisis in the 1930's [5-second break in reception] struggled at that time to save capitalism. Social measures adopted to eliminate unemployment, to improve the condition of the people, in health and education.

For many years there have been struggles within the United States itself that yielded a number of social achievements: The struggle of the U.S. black population for their rights — which is a historic struggle — the struggle of the national minorities [words indistinct], the struggle of the unemployed, the struggle of the poor, the struggle of women to obtain progress. All this is clearly jeopardized by that swing to the right in U.S. policy [words indistinct] extreme right positions.

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Everyday there are news dispatches reporting agreements by the U.S. Congress to eliminate measures, laws, budgets, and resources. It is not known how long the U.S. population will resist this. But there is war despite all social progress. In fact, even so-called affirmative action, which was adopted to protect the weakest segments of society, the most vulnerable, to help them secure a job, they also want to eliminate those affirmative options.

It would take long to explain, but there were (?reactionary) forces hatched throughout the Cold War, and very [word indistinct] political thoughts that have tremendous strength and resources that explain the phenomena occurring in the United States. This is hardly a model today. It could be worse than it actually is.

It is the country that has maintained a blockade against us throughout all these years, but the people of the extreme right could win nearly total control of power in the United States. This is a factor that deserves close attention, because the world situation could worsen, and U.S. imperialism could become more aggressive and much more harmful for the world.

It suffices to say with regard to the United Nations that there are two concepts today: The one of those who want to use the United Nations as an instrument of the empire to sanctify its intervention and policy anywhere, but through the use of that small fig leaf called the United Nations. It is called the United Nations today, but that was not always its name. There are also those who want to evaporate the United Nations to exercise imperial power directly in the world, those who want to get rid of the obstacle called the United Nations. [applause] These are two concepts, I repeat, the one of those who want to use it as an instrument and the other one of those who want to evaporate it, because they deem it an obstacle. That is the problem that is being discussed.

Two concepts are also being discussed with relation to Cuba: The one of those who wants to destroy us from abroad, that is, with more blockades, more hostility, more threats of aggression; and the one of the noble and kind gentlemen who want to destroy us from within. But all of them with a blockade; the two concepts involve a blockade. Some will think: This blockade is sufficient, we must add this and that, in fact, as if we were finger-licking fools.

The famous track two of the Torricelli law could have an effect on dumb persons; one does not have to be a genius or much less to know that we cannot be caught by that policy. By the same token we need to have enough serenity to resist any other policy. If [words indistinct] tomorrow we would find out that the extreme right conquered not only the Congress but also the Government of the United States. They will not frighten us with that.

We have already gone through similar periods, although these could be worse with regard to the hostility and threats from abroad. None of those factors discourage us, but they are concepts. One concept for the world and another concept for Cuba. Cuba has apparently become important because we are now the only country facing a direct U.S. blockade. The toughest [word indistinct] restrictions are maintained against our country. They may have any other idea for any other country, but when it comes to Cuba they do not want to yield.

Thus far this has not been the case. That is why we have resisted for 35 years, and I say we must be willing to resist for as much time and more. In short, to defend its independence, our country has struggled for almost 130 years. I believe that the values we inherited from our forbears are still very much with our people.

It would be to our advantage for our friends in the world to know this and also for our people to know. Our people know it. As an optimistic people, I am sure that our people and our country have reserves, that our country is capable of tolerating all of that and of even continuing to progress.

When I say that it is necessary to resist, certain examples of things that have happened in certain countries come to mind. Today I will make an exception and recall one; the events in Guatemala in 1954. There was a revolutionary political movement, a hope for Latin America and Central America, a hope for the Guatemalan people 41 years ago already. It included an agrarian reform law and certain social measures, but a mercenary expedition similar to Giron's was immediately organized. The country was invaded, the Guatemalan revolutionaries could not defend themselves and defeat the invasion, and a repressive government organized and created by the CIA, by the U.S. Government, was established. During these 41 years, in that country which does not have 10 million inhabitants — it could have them now, the population could have doubled in 41 years — incredibly enough, over 100,000 people disappeared. That was the result of the mercenary victory.

What would have been of Cuba had they been successful at the Bay of Pigs in 1962? What would have been of this country if it would have had to put up now with a victorious counterrevolution? The history of the Paris Commune would be a pale story next to this.

All Cubans know what it would mean to stop fighting and to give up all resistance. We all know it well and I think that yesterday proved something, that is, the

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spirit that was displayed yesterday by our people here in the capital city where there are more difficulties. Now, just figure it out and no one hides that, because the famous Helms-Burton bill is just one more measure that is aggressive and repulsive.

It is so brutal that it practically threatens our country, as Alarcon has explained several times, with depriving the people of everything it has. It would practically be left without a single school, a day care center, an educational center for the handicapped, a hospital, or a family doctor; there would be nothing left. On the following day, 100 percent of the family doctors would probably be left without a job, because they would not have with what to pay them. They better not want to enforce here the measures they have demanded from other countries.

Practically all of the farmers of this country would lose their land, except for a very few. The vast majority are owners because the revolution gave them the land. All of the UBPC [Basic Cooperative Production Units], all of the cooperatives would lose what they have, they would lose all of their properties. In a country such as Cuba where 85 percent of the families own their homes by virtue of the laws of the revolution and of the work of the revolution, all of those families would lose ownership of their homes.

It is stupid enough that we were thinking about sending a telegram to Helms and Burton that reads: Thank you very much for helping us. Clinton himself has pointed out that the Helms-Burton bill suggests that the compensation Cuba would have to pay for former U.S. properties would not amount to 5 or 6 billion. We would have to discuss this. That is not how we have figured it. We would accept this but would then have to present them with a bill for the billions they owe us in compensation due to the blockade. [applause] Hey! If they are willing to compensate us, we are willing to pay!

We would have to pay $100 billion, and according to the law, the blockade would continue until the $100 billion were paid. Apparently they realized this, and some began to talk that they would have to make some modifications to the many stupidities. However, we know it is not exactly the same thing. We know what it would be like if Cuba fell into the hands of the United States again, with or without the Helms-Burton bill.

What they said occurred in Indonesia would be [word indistinct]. What occurred in Guatemala would be insignificant. But the latest, the inconceivable, is believing that Cubans would do as slaves taken to the Roman circus who said: Hail, Caesar! Those who are about to die salute thee! It is like pretending that there is one single Cuban ready to say: Long live the emperor, or long live the empire! Those who are about to die are going to lower our heads to be executed.

They must know that no one here will not pick up a weapon and fight to the very end, to a glorious death. What is inglorious is lowering the head, is letting the empire chop off the people's head. [applause] They know that this cannot happen and it will never happen, despite the rude remarks they make. What contempt, what contempt! The years Cuba has been resisting and fighting must teach them something. But they will never accept that fate. You, our friends, must understand that we have obvious, deep reasons to feel the way we do.

But if it was not a matter of defending the life of each citizen of this country, if it was a matter of only defending the ideas this revolution defends, it is worth fighting for to the death. [applause]

Christians, beginning at a certain time in history, were the first communists. What were the Christians the Bible talks about, the Christians from the early times? What were those Christians who, as we read about so many times or we were told so many times, were sent to the circus to be devoured by lions? They let themselves be liberated by the lions, but they did not renounce their Christian faith. We will not be less than they were. We believe that our values, our ideas are comparable to theirs. They are the best ideas for which men have been willing to die. And we would always prefer to die than to renounce our revolutionary faith. [applause]

The revolution is our religion. It does not exclude the fact any revolutionary may have any other religion. We don't expect to win a prize. I believe that man, like Che Guevara said, was the highest revolutionary and echelon of the human species. [applause]

Revolutionaries don't expect to receive anything. The revolutionary must give, if he devotes fully to a cause, his ideas, his noble objectives, without expecting anything in return.

I would say without in the least belittling any other conviction that that is what really makes the truly revolutionary conviction, the noblest and most profound conviction that has ever existed. I am referring to the socialist and communist revolutionary conviction. [long applause, chanting] I am not talking of any other. I am really talking to you from my heart. This reminds me of some things that were mentioned here and caused concern. I talked in part on 26 July about what we are doing and how we are doing it. Comrade Jose Luis Rodriguez had the unpleasant, unpleasant and difficult, task of explaining what we are doing and how we are

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doing it in the area of the economy in order to move ahead.

Vicky was telling me that many visitors were concerned over the matter of the risks entailed in the measures we are taking. And [words indistinct] that concerns is clearly expressed in one paragraph [word indistinct] I think that those who are concerned are right. First, because they are afraid, [word indistinct], and are concerned over what the effect that this opening we are involved in, these measures we are taking, will have on the fate of the revolution and, if as a result of all of this, in the future we will be different from what we are now. They are concerned that these certain measures will corrupt us.

We have said that we have introduced capitalist elements into our system, our economy. That is a fact. We have even talked of the consequences we have noticed in the use of those mechanisms. We are doing it. I talked to you of the world we are living in. Do not forget we are a country, or an island, surrounded by capitalism. It is everywhere, even above, meaning the cosmic space, because it is filled with satellites and who knows how many other things? Over that we have absolutely no ownership. You can be certain that if a dog goes into a park to relieve itself, U.S. satellites are observing it, photographing it, and reporting it. [long applause] Satellites [chuckles] are all over the world spying on everything.

Of course, that makes them the owners of communications. If we were to talk over the telephone with any country and say things that should not be said over the telephone, we would be big fools. There is no official government conversation in this country with anyone that they do not intercept. There are no conversations with political personalities or companies of some importance that they do not intercept. They intercept everything, because the blockade is much more than banning selling or purchasing. You have no idea what the blockade is.

The blockade is a tireless hounding against every commercial activity the country may try to conduct. Some visiting capitalists — and this has happened recently — come with their practices of corruption. Many of them are serious capitalists. Serious capitalists don't try to bribe people or cheat. They do bargain, and we have to bargain with them a lot because capitalists bargain in all negotiations. They bargain about everything. This is their law.

When we speak, we have to do it softly and close to the ear, I was telling Arnaldo over the telephone today. We know of many to whom we gave this advice and, having paid no attention, made telephone calls or sent faxes and a few days later had the U.S. ambassador, or a consul, or a U.S. official at their residence. Ambassadors have done this often.

Do not think it is easy! No, sir! It would not be easy for us to switch to capitalism: The Yankees would keep us from doing it! [applause] When I say Yankee, I use it with a pejorative intention only toward those who dislike us, not, not ever, as a concept applicable to the North American people. [applause]

They don't want us to do any kind of business, or invest in anything, or secure a credit, or privatize anything. They want none of that. We know very well that all they want is our heads. And they have not even bothered to bargain about this. [applause]

The blockade! The blockade is a very ponderous thing! It means constant persecution; it makes everything expensive. We have to look for goods thousands of miles from here. Ships cannot stop at any other port, so transportation is more expensive. Short-term commercial credits are very expensive. Everything is expensive for this country! Everything is difficult for this country! This is the blockade. It is much more than what one may think!

Of course, they are obstructing the measures we are adopting and must adopt.

If we were a nation with abundant natural resources, and there are such countries, we would receive hundreds and hundreds of millions, even billions, from banks of developed countries, because in those countries revenues come easily.

We know what it costs to produce one metric ton of sugar, how much we have to toil. When the revolution was won, one metric ton of sugar served to buy approximately, if I am not mistaken, seven or eight metric tons of sugar [as heard], at least.

This means that with one metric ton of sugar, at the price it brought at the beginning of the revolution, we were able to buy all the oil the country needed.

The difficult part began with the years of the special period. At times, when we have had to buy a metric ton of oil, we have used a metric ton of sugar only to be able to buy 1.3 or 1.4 metric tons of oil. Oil and sugar were almost on par, and everyone should be aware how much work is involved in obtaining a metric ton of sugar. Oil can be drilled in many areas, including the ocean and many other places, and oil producers can drill oil at a very low price from major oil fields. However, the oil crisis hit very few countries worldwide as hard as it did Cuba. At present, most of Cuba's exports must be used to buy oil.

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The current circumstances we are facing are not easy for us, [words indistinct]. The idea of the special period emerged as part of the country's defense plans in case of war. What to do if there is a full-blown blockade on Cuba by the United States and nothing comes in? How do we survive those conditions? This is the case of the special period in times of war. However, the collapse of the socialist bloc and the disappearance of the Soviet Union forced us to implement the special period in time of peace, as all commercial activities with the socialist bloc and the Soviet Union vanished abruptly, virtually overnight.

Formerly, we were paid a reasonable price for our sugar, which are not the [words indistinct]. The Lome Convention itself does not pay the world market price for our sugar, but a much higher price. I am telling you: the world sugar market is a sugar dump, where all the sugar produced by [word indistinct] is sold at a very low price. Most of the sugar bought by the United States itself came from Cuba, but later, as a reprisal, this country reduced the amount of sugar it bought a year from approximately 3 million metric tons to zero. They pay a slightly higher price to those countries that benefit from sugar quotas, and we had to sell our sugar at world market prices.

We lost all our supplies of fuel overnight, as well as our supplies of raw materials, food products, and the spare parts we used in our machinery — which came from socialist countries — and our factories. This was not the first time we experienced such a situation. When the U.S. blockade began, almost all our machinery and vehicles came from the United States, and recently, we experienced the same situation because what we have suffered is a double blockade. U.S. pressure on the former socialist countries was so great that they had to suspend almost 100 percent of their commercial activities.

Our country had to deal with all of this overnight, alone, without a single international banking institution willing to lend us a penny. No one, neither the IDB [Inter-American Development Bank] nor the World Bank nor the IMF wanted to lend us a penny. We had to face our problems on our own, with whatever we had. As we said until recently: We lost 70 percent of the country's imports. A country that had succeeded in supplying electric power to more than 90 percent of the population was suddenly left with only 40 percent of the usual amount of fuel it received.

I do not believe there is a country in Latin America — not to say the rest of the world — that could have withstood a blow as powerful as the one Cuba sustained. The worst part came with the intensification of the blockade, because during the time we maintained a good economic relationship with the Socialist Bloc and the Soviet Union, we were able to better defend ourselves from the blockade. We produced sugar and many other products. We had growing commercial relations with those countries, which were abruptly suspended. Do you believe any Latin American nation would have been able to sustain such a blow? For how many days? For how many weeks, at most? Could a different society withstand this situation?

This is also related to another aspect: the political aspect discussed in the democracy and participation conference. In other words, could Cuba withstand difficult situations without the socialist system, without the political and economic system that prevailed in our country when this situation took place?

I was talking to you earlier about the economic situation. It is better to continue talking in a somewhat orderly fashion. We lost all possibilities of obtaining investment capital, technology, and markets. We lost all markets. A real revolution had to be carried out under those conditions. A Marxist- Leninist revolution had to be carried out. We are not afraid of using that word. [applause] We can ask ourselves: What would Marx have done? It is almost certain that he would have said: Listen, don't get involved in carrying out a socialist revolution in the Third World. Wait until capitalism is fully developed and then, as a result of the development of the productive forces, the time will come to undertake the socialist revolution. That is perhaps what Marx would have told us.

Of course, we would have to see what Marx would have told us if we asked him what he would have done in view of the fact that we had carried out a socialist revolution at the doors of the United States. Well, I think he would have told us: I am happy to have had such outstanding disciples in the Caribbean. [applause]

You know that this was discussed a lot, the issue of socialism in a single country, whether socialism was possible when the revolution would break out in the more industrialized countries; one thought of Germany, England, of European countries. That was discussed for many years. But Marx did not stop with Marx, neither did the doctrine of socialism stop with Marx and Engels. Other great figures of revolutionary political thought came. Lenin came. One must state that Lenin and those who undertook the October revolution thought that in order to achieve socialism, revolution in Europe was necessary. The time came and the revolution did not take place in Europe. They adopted the decision that had to be made. Well, socialism had to be built in a single country. Of course, to say in a single country is

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relative. It was only one country with about 22 million square kilometers. We are a single country with 111,111 square kilometers, as a geographer said so the children would remember Cuba's surface in square kilometers.

They began, amid the blockade, the great historic feat of building socialism in a single country. Lenin thought of the revolution in China, the revolution in the colonized countries. He gave a great impetus to and extraordinarily enriched Marxist-Leninist thought. A force was in fact created. It has played an extraordinary role in the world. It served as a balance. The capitalist world, terrified of the ideas of socialism, began to be concerned about social problems, the workers' situation, etc. These were concerns it never had before. One does not know the service provided to the world by the existence of a socialist camp, especially the existence of the Soviet Union.

World War II was recently being commemorated, rather the end of World War II. Everyone should have really remembered that the Soviet Union suffered 27 million dead in that war. [applause]

If it had not been for socialism, the Nazi regime would have seized the world for a length of time impossible to estimate. Historians are the ones who can conjecture about this. It was really that socialist country that halted and destroyed Hitler's best armored and motorized divisions. [applause]

The facts are irrefutable. The country offered resistance. The tanks appeared behind Soviet lines and the people continued fighting. In that war, which began with new techniques and tactics, the resistance collapsed in a matter of weeks. The British withstood bombing that was very intense. Other countries which did not have a natural barrier of that nature were invaded and subjugated. Let us talk of the noble Yugoslavians, who fought so hard against Hitler's divisions. That Yugoslavia is today destroyed and involved in an absurd, incredible, and apparently unsolvable war. It is really a victim of the desire to eliminate anything that smells of socialism.

The Soviet Union resisted. I think it was a great feat. We know the history of all the errors, and if we want to use a stronger word, of all the outrages that were committed in that process. They ranged from the personality cult, terror, abuse of power, forced collectivization, and all those phenomena.

Socialism had to be perfected; it did not have to be destroyed. The only winners in the destruction of socialism were the imperialist countries. At the beginning there was a big fiesta, now Western politicians are nervous because they don't know what will happen next. That country is now a Third World country, one with the most powerful nuclear weapons and enduring serious domestic threats, as we saw recently.

All this, to obtain what? I do believe that a struggle for peace and disarmament was necessary. I think that a wise world could have negotiated to secure an objective that could have been secured without the dissolution and disintegration of the Soviet Union.

It has been said here that what occurred there was the result of erroneously following a model. But no, it was not that alone. This cannot be explained with just one word. They let themselves get infiltrated from within. They let the propaganda of consumer societies influence them. They were blinded by capitalism. Many people thought that in a short while they would be living as if in Paris, London, all those places. This is a fact. Now we see the results. There was naivete, incompetence, errors in the destruction of what millions of Hitlerian soldiers were unable to destroy, of what had cost 27 million lives, in that war. It would have been worthwhile to have saved the objectives for which they struggled.

I say that peace could have been envisaged, but there was this arms race between the United States and the Soviet Union. Everyone today knows that Reagan's strategy was to ruin the USSR through the arms race, which they could very well not afford. His strategy called for imposing on the Soviet Union an arms race that went beyond Soviet economic capabilities. The Soviet leaders acted mistakenly — as did the rest of the world's leaders. They were unable to struggle for true peace without producing the disintegration of entire nations. The consequences of this disintegration are still unknown.

For the time being, the situation represents a big burden on the world economy, which has to find billions every year to try to save the situation there, and no one knows exactly what will happen there.

This is the situation now in a country that had an economic system that was shaped for 70 years, more than 70 years. It has disintegrated. It will return some day. No doubt about it. This can be visualized in many countries, although not in all.

Hatred and strong nationalistic feelings have been unleashed, but in many countries that formed part of the Soviet Union we can see there is a wish to create at least a common market.

The fact is that we lost, as I was telling you, the market, commerce, everything, and had to find a solution. I have wondered what Marx would say about this. Now I wonder what Lenin would say. I am sure Lenin would tell us: Go on doing what you are doing.

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This is why on 26 July I said that any Marxist-Leninist would do what we are doing. They also had to do it, they had to appeal to the new economic policy, a famous policy in a historic period. Furthermore, at a given moment Lenin considered the idea of building capitalism under the leadership of the proletariat.

So that you remain relaxed I inform you that we have not considered this. It is not that we disagree with Lenin, but that our circumstances are different. Our process has made much progress. We have very solid pillars, and there is no need for considering the situation in such terms. I told you a while ago that if our country had much oil or similar resources, perhaps we would not have promoted large-scale tourism. We know the consequences of large-scale tourism. However, under the country's conditions, we cannot do without it.

Under our country's conditions, we could not do without foreign investments. I know that for years we fought foreign investment, that for years we were proud of the fact the people owned all the resources, industries, and assets in the country.

However, under current conditions we cannot do without foreign investment. We need it. We need capital, technology, and markets. These are determining factors. The absence of this means paralysis, stagnation. We pay dearly for this. We have to pay dearly for all loans. We must bargain for everything under very difficult conditions in the face of very intense U.S. opposition. But we must do it. There is no alternative.

Some friends have advised us to say we are doing this because this is great. We must tell the truth, that these measures were implemented to save the revolution and socialism's accomplishments. [applause]

We had to create mixed enterprises. We had to accept foreign investments. We had to depenalize possession of foreign exchange. Be certain that it pained us to do this. Very much so. We knew of the inequalities and privileges it would create, but we had to do it and we did it. Jose Luis has explained this. Practically speaking there are two currencies circulating right now. The day will come when only one currency will circulate. There is no rush for that day. We just have to work calmly in that direction. In the condition in which we were we could not give that up. People who have relatives abroad who can send $500, or $1,000, whatever, are privileged. Humble sugarcane and agricultural workers and others do not have this possibility. But we had to do it. We had to adopt measures of this nature, and I know this bothered you. However, we did not adopt them opportunistically; we adopted them as a revolutionary measure. [applause]

We have explained this to our people a 100 times. Income secured this way is not used to make anybody rich and does not go into anyone's pocket. Every single penny is be used on the people, on food... [applause] on medicine, on fuel, on electricity, on raw material necessary for production, so that the country can keep on going. The country, regardless of difficulties, is moving forward and in an orderly fashion. The people know regardless of sacrifices that this is the right road, the revolutionary road. There would have been huge investments in Cuba if there were no blockade.

We only need to look at events in China and Vietnam, which have received a downpour of investments. We have also received many offers from investors, but there has been a formidable barrier that discourages investment in our country.

In our country, I believe it is very important, extremely important, that we did this — as everything we do — with the people's consensus. We could not explain it any other way. None of the things we disliked were endorsed by the people, who are very sensitive, extremely sensitive, to any inequity or any privilege, because this is what the revolution instilled in us. The revolution also instilled in us the idea that we must protect the motherland, the revolution, this conquest, and that we must protect our independence and maintain our right to a future. We can never relinquish these achievements.

It is very encouraging for all of us to realize the extent to which the people have been able to understand this situation. Only a people with a political culture such as ours at this moment would have been able to understand this situation and to fight and resist. Are we, by chance, trying to deceive anyone? Absolutely not, we are not deceiving anyone. What we can affirm is that all of Cuba's lands are in the hands of Cuban peasants and farmers. [applause] What we can say is that all the homes, lands, nearly all the factories, and all the hospitals are in Cuban hands. We have not privatized one single hospital or one single school. [applause] The country owns the majority of its wealth. [applause]

But then again, what were we supposed to do? We had to choose between having an idle factory, completely deteriorating, going to waste, and accepting the participation of a capitalist entrepreneur within the factory who wanted to be our partner in production. Refusing to do the latter would have been absurd, because after the collapse of the Socialist Bloc, many factories ran out of fuel, power, raw materials, and spare parts. If an alternative emerges to enable us to keep at least half of that factory in our hands — very often, the entire factory remains under our control — we must proceed

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with these commercial partnerships. This choice is the logical and rational one, and it benefits the people. [applause]

We cannot act in terms of what we like or dislike, but we must act in terms of what benefits or does not benefit the nation and the people at this key juncture in our country's history. There are six km of beaches, which can be tapped, but we do not have the capital to build the hotels those beaches need. If we undertake a commercial operation, a joint venture or accept investment, we can do it. The existent hotels are either Cuban property or joint enterprises, and there are not that many. As I have said before: the work done by our enemies has influenced the amount of support we have received in this aspect. Despite everything, we have been able to accomplish this during the special period.

During the special period and using our own resources, we have also built major centers of scientific research, which is another area of interest in the country, and all of these centers are owned by the state. [applause] The country will preserve everything which can be preserved [applause] and will negotiate everything which can be negotiated. The country's current financial system is also owned by the state [applause]; and practically, everything is in the hands of the state. However, if we must introduce a specific amount of capitalism, we will do it and that is what we are doing.

We are doing it in spite of inconveniences. I must say something about this. Capitalists can make a 100 percent investment in an enterprise. If a capitalist has the necessary capital, a market, and technology we do not have, there could be almost 100 percent capitalist-owned enterprises. In such cases, we would benefit from the jobs created and the taxes paid. We would have to resign ourselves to that. It would be better if the factory were ours. It would be better if all the income were to go to the country. This was once a reality. Some time ago everything belonged to the country. Perhaps 50 years, maybe 100 years, will have to go by for this to happen again. I don't know.

But whenever the country can keep something, it should. It must conserve it. This is a principle, but we have neither fears nor any kind of guilty feeling. I think we are doing what revolutionaries must do at this given moment. The other position would be a fantasy, absurd, an impossible dream.

The key to everything, dear companeros and friends, is power. Who has power? The large landowners, the bourgeoisie, the rich? I speak of large landowners because this is what we had before but now we do not have large landowners. Our only large landowners are the cooperative workers and those from the Basic Cooperative Production Units, etc.

There are tens of thousands of independent farmers. Who has power? Is power in the hands of the bourgeoisie for the bourgeoisie? Is power in the hands of the capitalist for the capitalists? [crowd shouts: "No!"] Power is the key issue. Some of the things we are doing are aimed at finding economic efficiency. Some of the things we are doing are aimed at perfecting our socialism.

It is very difficult to place shoe repair under socialist or collective control, but there was a moment when the struggle was such that we nationalized everything. However, in society there is and there will always be tasks that are better tackled by an individual on his own rather than having the state carry out this work. Really. We have reached that conclusion. This has to do with private work, which arises from given needs.

Before returning to the issue I was discussing, I am going to wrap up this one on jobs.

When factories run out of raw material or are left without a foreign or domestic market, this produces much unemployment. What do neoliberal theoreticians recommend be done in these cases: Throw out all those people, close the factories, make a couple million people go hungry and give them nothing? We could not do that. No one single worker was left unprotected. They continued receiving their salaries for a certain period of time. If we had job openings here, we would try to find them jobs here. We have job openings, but not everybody is prepared to take any job. We continued protecting the workers.

If production drops sharply and money continues circulating, a problem arises that for us was very harmful. This was a problem we could not endure indefinitely. At the beginning this money circulation helps withstand the initial blow, to uphold the principle that no one goes unprotected. But soon we began to be flooded with money. There was a torrent of bills on the streets. We had to start collecting that money. Although the majority of the people have always worked with a patriotic spirit, there is always a certain percentage that does not have the same attitude and when this percentage had money — considering the items they were able to buy and on which there were, and still are, regulations — then if there were two employed in the house, one would cease working, perhaps this was a teacher, a professor, a nurse, technical personnel needed in factories, in schools, in hospitals. Let's suppose employees start failing to show up for work at a hospital. Let's say 80 percent of the employees show up steadily, but the other 20 percent do not need money and do not have the necessary spirit of

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sacrifice, understanding, and awareness and stop showing up.

When nurses, or technicians, or sanitary workers begin to skip work, hospitals begin to have problems. The same is true for schools and many other service institutions. This brings problems. We had this problem.

We had to take in that mountain of money, to implement a strong austerity and savings policy, to reduce subsidies. The situation was such that people were paying 150 pesos for one dollar.

We began adopting measures, but they were not dictated from above. We had to increase the prices of nonessential products, we had to impose taxes, suspend some gratuities. All the measures were discussed at the National Assembly and afterward the measures were discussed with the workers, and then sent back to the National Assembly, and then again back with the workers, students, and peasants. There is no single sector here with which the measures were not discussed as many as four times. The measures were explained and measures were adopted on the basis of the discussions and with the agreement of the people.

Consequently, all sectors began to apply themselves and the result is that approximately 2.7 billion pesos of over 11 billion pesos have been withdrawn from circulation in one year. Persons who had retired from work began to reappear requesting jobs. They reappeared in hospitals, schools, and other services because we had to create among the population a need to live and to earn a salary. Otherwise, services, production, everything would begin to deteriorate. The important thing was the method and the results are what I just explained to you. [Words indistinct] money for something more.

Today with $1 hardly anyone can get more than 35 pesos. We can say that we are one of the few countries in the world where the peso has been revalued. [applause] We are beginning to obtain benefits from those measures we have adopted. The economy is being bolstered. We are being really prepared to face the situation in whose name? In the name of the people. For whom? For the people. That is why I go back to the thought I interrupted a few moments ago: Who has the power? That is the key. Because if the people, workers have the power — not the rich or the millionaire — then a policy in favor of the people can be devised, respecting the existing conditions, conditions agreed upon with a specific enterprise.

Everyone must respect each other's interests; we are not thinking about nationalizing anyone.

For each business affected, a contract has been drawn up, in which everything is stipulated, the years it lasts, etc. But as long as the people control power, they will have everything. For today, for tomorrow, or for the day after tomorrow, for the year 2020 or 2050 or 2100, what the people can never lose is power. [applause]

This key idea is associated with the question of democracy and participation. If we say: listen, we believe that our political system is better than any other anywhere in the world, there would be people who would smile. They would think this is a joke. They are so used to toxins, like the inveterate smoker who smokes four packs a day or 10 cigars. They are accustomed to nicotine. Others are perhaps used to heroin; others are used to cocaine, marijuana, or any of those products. [Words indistinct] of what they want to apply against us now [words indistinct] knows in what municipality, because at the beginning of this century and up to the half of this century, the world was full of colonies. That is why there wasn't much talk about human rights, and there was a lot of talk about representative democracy.

I remember when I was a young man there was a map [word indistinct] showing British possessions in red, French possessions in another color, and there was not a single independent country. Perhaps there was one or two. France and England controlled nearly everything on the map, if the ambassadors whom I respect and appreciate will excuse me. I am talking about the past, ambassadors, not the present. The colors of Spain, France, and England dominated the map. You looked at Asia and [words indistinct]. China had their own color, but everyone knew it was a semi-colony. Up until 50 years ago, we knew what prevailed in the world. And it was after World War II that the liberation movement of the colonies began.

We knew what Latin America was back then without exception, including ourselves. Yes man and yes man; or yes, sir, like Robertico said this afternoon. Orders came and in general they were not discussed; they were observed and enforced. However, we had our own colors on the map.

Then came the Cold War and all the options of representative democracy and so many things and theories.

I would not say that our model has the intention of being a useful model for all. No, no, no. I would not dare say that. I believe that many of the experiences of our model can be of use to some countries. I believe that every country must devise its own model and it must have the right to do so. And no one can come here in the name of anything to try to impose the model it wishes on any country. [applause]

It is as if we address a message to the queen of England proposing that there should be a republic there, because,

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otherwise, we will establish a blockade against Great Britain; or if we address his holiness the pope to propose the creation of a chamber of representatives, a senate there, or a universal vote of all priests of the world.

I cite these examples because they show how absurd it is to have so many people telling us what we must do. Well, we have learned to say, we don't feel like it! We don't feel like it! [applause] [Words indistinct] useless to reason, they come with the same thing over and over again.

What we say is that our model is good for us, simply that. If we don't defend our model, we defend our right to have a model. Now if they want to compare, that's it! [applause]

One of the tragedies of this hemisphere during its fight for independence was that it imported European systems — and the U.S. system. When they brought the U.S. system here, they even brought a model of the U.S. Capitol building. I do not know if you have passed by there, but it was copied from the Capitol building in Washington. Today it is a scientific study center. [applause] Our National Assembly meets in the convention palace, or here. Not in that capitol building. Now it is a historical building. We even see it as an architectural jewel, which belongs to old Havana. The capitol even produces income from tourists. But it is a scientific-technical center, a library, and many other things. It used to be full of — in all respects, with few exceptions — bandits and thieves of all sorts. [applause] [chanting]

Everyday there is a scandal somewhere in the world: In Europe, in Latin America; whether the political parties misappropriate funds; whether political parties received millions; whether votes were bought; whether the large multinational and major companies gave this much, and that much, and so much. As a general rule, I would ask the most splendid representative democracies in the world: let he who fears sin cast the first stone, and let he who does not, cast the first stone. [laughter, applause] Let he without sin cast the first stone.

Now, is there an assembly in one of these splendid democracies which does not have at least one millionaire, which does not have at least one multi-millionaire, which does not have a huge lobby of major and multinational companies? Is there any one which has not spent a cent in elections, which has not collected money in one way or another? How can you be a representative without money? Is there any other nation in the world that can say that not a single one of those representatives — and we have more than 500 — spend a single penny on his campaign? Is there any one of those splendid democracies which is representative? I do not want to judge too harshly so as not to offend. [laughter]

In our country, we have an assembly with characteristics that are not shared by any other assembly. In our country, the party does not postulate the candidates. Is there any other nation in which the party or parties do not postulate their candidates? There is one called Cuba. [applause]

The people postulate their candidates. We could say this is an Athenian-type democracy if it were not for the fact that Athens had patricians and slaves. The patricians had all the rights, and the slaves had none. There were other categories of citizens who also did not have any rights. For every free man there were at least two slaves; 30 percent of the citizens had political rights. A Greek democracy without slaves and without citizens deprived of public rights — that is the people.

It is the people who met. Men and women in the flesh meet in each electoral district and propose the candidates for district delegates. They are the ones who elect them. The district delegates are the members of the provincial, municipal assemblies, and are the ones who nominate the candidates to the National Assembly. It is not the party, and streets are not covered with propaganda, posters, and all that garbage we see in other parts of the world each time there is an electoral campaign. In our country the principle that the people nominate and the people elect prevails.

In many so-called democratic countries the party is the one that nominates the candidates. It issues a list. It is known that according to surveys, candidates one, two, and three will be elected deputies. That is all. The parties nominate.

In our country, there is no intervention. We do not have a multiparty system, but we have a million-partisan system [millonaripartidismo], because each one of the 11 million inhabitants in our country has a right to nominate and elect. [applause] No one is told to nominate this or that person or to vote for one candidate or another. Everybody here knows what to do by heart. Some find it hard to understand the miracle of a 97.1 percent voter turnout.

What do we see in other parts of the world? [words indistinct] there is not the slightest chance of a fraud. The pioneers are the ones who guard the ballot boxes. Is there any country in which the ballot boxes are not guarded by policemen with bayonets to prevent them from being stolen as they are carried from one place to another? The documents and ballots are altered.

Even foreign journalists are [words indistinct] beside the ballot boxes when the votes are counted. Ah! If

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a revolutionary slogan comes up, it prompts a wide smile. In some people, not all. Some want to see how many votes are blank, how many counterrevolutionary votes [words indistinct]. They are there to see, they are present, without any restrictions to control the [words indistinct]. That is our system, and people go to vote.

Why do only a few people vote in the United States? Only half of the voters go to the polls. The president is elected with 25 percent of the vote. Magnificent democracy! And after that, citizens couldn't care less. They can be led into a nuclear war without even realizing it. They wake up in the morning and when they read the newspaper they find out they are invading other countries. [applause] [Words indistinct] because the president carries a briefcase [carterita]. Well, the leaders of the nuclear powers carry a briefcase. I remember the days of the Cold War. I used to wonder what would happen if the man were in the bathroom when the crisis broke out? [laughter] Or what would happen if that day he remembered he had a wife? Oh, my, what about the briefcase? And what about the quick reply? Not even the Roman emperor had that power.

A little briefcase with which one man could start launching rockets, as it could send the signals. That is truly a representative democracy! Very much so. It is just marvelous, gentlemen! That is why no one goes to vote, and why no one believes in elections, or in anyone, or in politicians. There is a crisis of confidence in political parties in the world. Many candidates prefer to run independently and they win. Of course. Can a humble farmer, a humble teacher, a humble professor without a cent in the bank become a deputy or senator, for example in the United States? Can he? What a difference!

Our deputies here do not have a single penny and do not need money either. They have to get more than 50 percent of the votes or of the valid votes in order to be elected. The people think... [pauses] The last elections were an example. Lots of people went out to vote in the middle of the Special Period. The way they voted was impressive. Why change that?

They want to break the country into 1,000 pieces. Who gains if the country is broken up into 1,000 pieces as has occurred in the former socialist bloc countries? There you see 25 parties, 35 parties, 45 parties, and you say, hum, they are a group, but a group of crazy folks. [laughter]

Why has Cuba resisted? It has resisted because of its socialist and political system. Those who predicted the collapse of the country can see for themselves what happened.

Cuba is respected more the more it resists. [applause] Cuba is willing to earn the respect of the world. We are not going to learn to suck our thumbs, and I hope we never become idiots. One of the qualities of these people beside being fun-loving, rowdy, and rebellious, is that these are a resourceful people. It is a country of intelligent people. It would be better to say we are a people with cultivated intelligence. There are many intelligent people here who have not had the opportunity to learn to read and write. One of the characteristics is that we are a enterprising people, who think and reflect. Our people cannot be underestimated.

This is our system. Why do they want it changed? What for? What we have to do is improve it, which is what we are doing. That is what we did with the latest constitutional reforms. Some people say it is for the transition. What transition? We already did the transition. We did the transition 36 years ago, and we made all the changes that needed to be made. [applause]

Transition to what? Capitalism? There will be no transition to capitalism. [applause] People said this is neither Heaven nor hell. Let us say it is purgatory, where they say that with a little patience and a little influence peddling, such as the prayers people carry out for the poor souls, you can get to Heaven. They say you can leave purgatory, but you can never leave hell. [applause]

If we are in purgatory, we are not going to return to hell. We are at least going to escape Satan. [laughter, applause] We are going to be waiting for the moment to reach Heaven. Is that not true, Robertico? The resolution said it: It is neither as good as they say nor as bad as others claim. I am going to tell the truth. I believe it is a little better than what they say; No, not of what they say; it is a little worse than what they say, meaning we are not as good and I totally agree. I cannot honestly say, however, that we are halfway there.

Following the years the revolution has been in power in this country, after the work it has done for our people, and after resisting these five years, and after confronting the great colossus of the north, in a world that has become unipolar, and when we were left alone in this world, I mean to say without support from any country, I believe this has merit. If one has a sense of history and the youth are capable enough — I think they will be more than capable enough — then history will have to record the great feat, the great page that our country is writing at this moment. [applause]

We may not be Heaven, but they will have to award you, not us, an Olympic medal. You will have to be awarded the Olympic medal because it will depend upon you, especially the new generation, for our Revolution to get where it must go, the Heaven we just mentioned, with

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which I know Robertico disagrees. He has said about three times that perfect would be the most boring thing on Earth. Isn't it? But to think that the perfect exists, Robertico, is the most illusory thing on this world. What is perfect today is no longer perfect tomorrow.

A Greek philosopher once said no one bathes twice in the same river. Today's perfection can be tomorrow's imperfection. We must be modest, we must be humble, but we must not underestimate ourselves. That is what I think. I am not defending my part in this business, in which I am responsible for many things or for the mistakes that may have been committed. I am defending you. [laughter, applause]

Dear comrades, beloved friends. You did not want me to speak. [laughter, applause; crowd shouts: "Fidel, Fidel!"] Do not stand up because I am about to finish. [laughter] You have expressed your deepest and most affectionate gratitude. I thank you for your presence. We are honored, happy, and encouraged. We are going to continue our struggle with a greater confidence because we know there are many noble and good people in the world who understand us, who wish us much success and want to help us with a little grain of sand here and there.

We are not going to forget this meeting. We will be ready and at the orders of the youth of the world. As we said yesterday we will not organize a festival, we are going to organize a world festival. [applause]

Some 1,200 or 1,300 delegates have come here. We can hold a world festival with 10,000. Our country has an excellent organizational capability. We have excellent youth. You have seen it in the last few days. They have organized everything. They collected aid and assistance from people who could cooperate with them, but they were the ones who came up with the idea and who organized everything. We must pay a tribute to the organizational capability of our youth for this success. [applause, chanting]

After what I have explained to you today, it would not be surprising for me to end by saying with great conviction:

Socialism or death, fatherland or death, we will win!

We will see each other again. [applause]

Rodriguez Addresses 'Cuba Vive' Festival

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[Speech by Economy and Planning Minister Jose Luis Rodriguez at the "Cuba Vive" festival held at the Karl Marx Theater on 5 August — recorded]

[FBIS Translated Text] As you have been able to see during these days you have been here among us, Cuba over the past five years has been facing a complex economic situation derived from the changes that occurred at the beginning of the 90's with the disappearance of the Socialist bloc and the intensification of the criminal U.S. blockade.

Our country, which for 30 years has been working arduously, had achieved many important things when this special period began in 1990: The economy had practically been transformed; society had been transformed; we had changed from a hopeless, underdeveloped country without possibilities of ever overcoming this underdevelopment into a country that sought to achieve not only economic growth, but complete development — in other words, not only economic growth, but development of our health care, education, social security, [words indistinct] without discrimination, with equal opportunities for all, regardless of race, sex, or age.

We had already achieved an important level of development when this difficult period began. It is the most difficult period we have faced since the triumph of the Revolution. Under the direction of our commander in chief, we have had to make use of all our experience and wisdom to secure the objective that today is the theme of this festival: Cuba lives.

As has already been mentioned here, Cuba lives. Not only does it live and not only have we been able to maintain what we already accomplished when the special period began, but we have been able to advance in the face of enormous difficulties with a one-third reduction in our economic activity — in other words, a decline in our economy of more than a third during these years, or a reduction of more than 70 percent of our imports. Nevertheless, the possibilities that socialism has given to our country has allowed it, with scarce material resources but immense human resources, with immense social capital created by the Revolution, to not only confront these adversities, but be able to continue advancing in the areas of health care, education, culture, and prepare itself to continue developing.

It is true that some of our goals and dreams have had to be postponed, but we have not abandoned them, nor will we ever abandon them. Over the years, Cuba has experienced [sufrido] transformations, with the essential

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purpose of guaranteeing its survival and preparing itself to overcome this situation and occupy a place in this convulsive world that allows it to ret rieve the postponed dreams and resume its deferred goals.

Comrades, for that purpose, we have had the privilege of our leaders' political wisdom of, who have evaluated how these problems have been solved in the world, when they were solved, and how they were solved. We have been able to clearly conclude from those who confronted the economic crises of the 80's and 90's — just to mention the most recent periods — and who have followed the siren song of neoliberalism, the tortuous and terrible paths of the programs of adjustment, which far from solving the problems of their people, have increased them, that capitalism has nothing to offer our people. As for us, from neoliberalism we can only learn one thing: that capitalism offers no hope, not only for Cuban society, but for any society in the world. [applause]

We had to confront this situation of scarce resources and of our relations with the Socialist bloc countries being interrupted, while preserving our conquests on one hand, and securing conditions that would allow our people to survive with dignity, on the other. What we have achieved has been achieved by establishing very clear premises for the Revolution, and even though we have had to postpone some goals to confront problems realistically and have had to make certain concessions, we will never give up our principles. I believe it would be important to mention these premises here today.

First of all, while in other parts of the world, the economy is submitted to the dictates and forces of the market, in our country, even though we may have had to introduce — frankly speaking, more than we wanted to — elements of the market, the Cuban economy is not governed by laws of mercantilism. If that were not true, Comrades, how could you explain the increase in government spending on education during these years? How could you explain the increase in resources destined for health care. How could you explain the emphasis given to social security? Just to give you an example, what we devoted to these sectors last year is more than one third of our GDP. I do think you will find a country that is capable, under these or any other circumstances, of devoting more than 10 percent of their GDP to social security, eight percent to health care, or 10 percent to education. These figures are proportionately greater than what was dedicated to those sectors in the past.

I believe these elements clearly state how we have persevered on political and political-economic levels, and to what degree we have been able to advance on this path. The Cuban economy, which had been decreasing before 1993, stopped falling in 1994, with modest growth of 0.7 percent. During the first half of 1995, we can already see a positive, encouraging growth trend of about 2 percent in our GDP.

This miracle, so baffling to many, especially those who predicted our imminent collapse in 1990 and who continue to do so today, has been possible through a clear, well defined economic policy that not only establishes what we are not going to do, but what we are going to do and how we are going to do it.

Some comrades have also expressed concern over the changes that have been introduced in the past few years, how they will alter the Cuban model, and to what degree this model continues to be socialistic. We wish to assure you here today that our model was, is, and will continue to be socialistic. [applause] This is expressed by the dominance we give the state within our economy. If we have opened the country in an orderly, gradual manner, in which each of the decisions on foreign investment has been analyzed on a case-by-case basis, if we have adopted these decisions, we have done so without forgetting that the state continues to be and will continue to be the fundamental element in our economy's direction.

The fact that we made an opening in search of markets, technologies, and financing does not for a second deny the preeminence of state property, of social property which, along with the state, continues to be the main ingredient in our economic activity. Instead, it confirms it. Of course, these elements of foreign investment have helped with the gigantic effort the country has made these last few years, and continues to make. They are not the determining factors within our society, but only in spheres appropriate to that type of investment, such as tourism and oil exploration, where we do not have many options. There they have played a determining, positive role.

Cuba has also transformed itself in another sense, and we have had to use our imagination to find solutions, not only to the problem of finding external financing, but also to the problem of mobilizing the country's national resources in order to continue with our economy.

For two years now, we have had to allow a partial, ad hoc solution to our problems, a solution which is only temporary. I am talking about allowing a freely convertible currency [moneda libremente convertible] in our nation's economy [as heard]. Perhaps this was one of the most difficult decisions made in 1993, a time when the economy was failing, a moment when the lack of resources in hard currency weighed heavily on our country, and a moment when because of the

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very imperatives of the measures that we had already implemented and because of the very imperatives of the crisis, the circulation of a convertible currency was taking place without benefiting the state. In other words, society was not extracting a benefit from that reality.

We also had to implement a measure to transform part of our economy to operate directly under a freely convertible currency. It was not a random decision, it was not an overly hasty decision, neither was it a permanent decision. It had to be adopted based on the fact that we had to find a path to connect our economic system with the international monetary system to make our exports and the investments of foreign capital viable, without turning to the trodden paths of devaluation, so very well known and disastrous in Latin America; without falling into the temptations those days of a floating currency, which would have forced the economy into the dynamics of the market. This would have created internal chaos.

It was a difficult decision, but a decision which, despite its cost, needed to be adopted. It was a difficult solution, not only from the economic standpoint, but from the political standpoint as well because we had to allow differences. We had to allow distribution of our income, which was not that of 1989, by permitting remittances of hard currency into the country and by letting people benefit without contributing anything to society, just because they had access to hard currency.

It has been a bitter price to pay, but above all, we had to save the Revolution. We had to guarantee our resources so the nation could buy fuel, food, and preserve its health care and education. In view of those prioritized objectives, we had to make a sacrifice. We had to make these bitter decisions.

Someday, not long from now, and within the sphere of development that the country is achieving, we will again have a single monetary system that will respond to the normalization of our economy. But, what we have done has allowed us to keep our trade relations open abroad. It has allowed us to capture part of those resources in hard currency that were circulating in the country, for the benefit of the entire country and to benefit our economic, political, and social goals.

Therefore if this was, as I said before, a hard decision, a decision that had its costs, it was a decision that was undoubtedly appropriate in view of the alternatives before us at the time. We have also had to create new channels for mobilizing resources internally, not only with foreign investment or the collection of hard currency.

We have had to open new forms of operations in agriculture, with the generalized creation of cooperatives in the countryside. Because of the participation of our masses of agricultural workers, this was the most profound decision. By that decision we sought to create a tighter bond between the agricultural workers' efforts and the way production was organized, while maintaining the principle of preserving the interests of society, maintaining the land as state property, and giving it in usufruct to the cooperatives.

We can already see some results from those measures. We can already see some effects from those measures which, as in most cases in the agricultural industry, cannot be seen in the short range but require time to mature. But we are sure that we have made the right decision to maximize agriculture in terms of food production, which in the first half of this year, grew 13 percent in comparison to last year. Furthermore, agriculture, in terms of sugarcane production, continues to be our main exportable product.

We have also made room for self-employment — in other words, the small-scale producer, craftsman, who with his work can contribute to society, either with products or services, in those places and professions that each municipality decides is appropriate, and controlling the levels of income these workers can make. Furthermore, we have also introduced a new, complex, but necessary tax system.

We have gradually advanced in the same measure that we have reassessed experience to create space for self-employment without implying that we are encouraging capitalist forms of production or that we are encouraging unlimited expansion of private work. We have done it in response to our needs and in agreement with the state's interests.

Therefore, Comrade, these elements, together with the measures we adopted to guarantee that our economy has a proper internal financial balance, have marked the stages of our economic policy in the last two years. In this last regard, I should mention that this program, known by many of you who come from countries where measures are implemented overnight [words indistinct] that affect basic needs, who come from countries where prices increase overnight and where Parliament is not even aware of those programs, can use as reference the way these programs were implemented in Cuba.

First of all, they were discussed with all the workers through the labor unions. They were debated by the peasants. They were even evaluated by our students prior to decisionmaking. Before we looked at the ineluctable measures that needed to be adopted to diminish the budget's deficit, to diminish the excess

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currency in the hands of the population, we sought the people's support, which is so important in a society, to guarantee not only the country's survival, which has already been achieved, but to retravel the path of our development and rescue the deferred dreams.

Comrades, in conclusion, determining indicators prove that these policies were correct — policies not only to secure our nation's survival, which we have already achieved, but to help it remain a socialist country, to create the conditions for its continuation as a socialist country.

These are the characteristics of our economy today. We can already see a series of paths and possibilities as we approach a profound economic recovery, having preserved these principles without making a single concession during these years, without falling into the mirage of mercantilism and egoism which moves the world. I believe Cuba, in that sense, has also given the world a modest contribution of experience on how to achieve development, how to regulate the great economic problems that society faces, not only in our country, but in any underdeveloped country, so long as there is the political will, so long as there is the political will, with its last name underscored yesterday by our commander in chief [as heard], and for which we are willing to die: Socialism or death! [applause]

Havana: 'Will Not Tolerate' Border Violations

FL1008004695 Havana Radio Rebelde Network in Spanish 2300 GMT 9 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuba reiterated today that it will not tolerate violations of its air space and waters and will act accordingly in the full exercise of its sovereignty. Official sources from Cuba's Foreign Ministry [Minrex] confirmed to PRENSA LATINA that they have seen U.S. news reports on the State Department's warning to Cuban-Americans living in the United States to refrain from carrying out such actions. We infer that such a statement reflects sincerity by the U.S. Government in that regard, they added.

Minrex sources then stated that the Cuban side ratifies its position, as expressed in the communique issued on 14 July. This communique states that any vessel or aircraft that violates Cuba's borders might be sunk or brought down.

Nuclear Experts Exhibit Juragua Security Measures

PA0908213595 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Aug 95

[Report by Jesus Yanez; from the "National Radio News" newscast]

[FBIS Translated Text] Several experts from the Higher Institute of Nuclear Science and Technology [Instituto Superior de Ciencias y Tecnologias Nucleares] and the National Center for Nuclear Safety [Centro Nacional de Seguridad Nuclear] have exhibited at their work places highly specialized measures that have been adopted to guarantee risk-free operations at the Juragua Nuclear Power Plant.

The exposition by Ruben Ferro, of the National Center for Nuclear Safety, on how to deal with the human error factor and on how to prevent them in nuclear plant operations, attracted much attention, because measures are being adopted at the preoperational stage to guarantee the elimination of this risk factor.

Corrections to Robaina Addresses 'Cuba Vive' Conference

PA0808161795

The following corrections pertain to the item headlined "Robaina Addresses 'Cuba Vive' Conference," which appeared in the 8 August Latin America DAILY REPORT:

Page 15, column two, from fourth paragraph, only sentence make read: ...problem for us. [new paragraph] He who is unaware that prior to 1 January 1959 the overwhelming majority of people in this country experienced a permanent and even harsher period that was much more special, will never understand why the Yankee mercenaries were unable to enter through the Bay of Pigs, much less why — despite... (rephrasing for accuracy)

Page 18, column one, paragraph four, only sentence make read: ...our uncultured minds [five-second break in reception]...(changing "minute" to "second" per monitor recheck)

Haiti

Interior Ministry Not To Arrest Citizens for Statements

PA0908223495 Port-au-Prince Signal FM Radio in French 1030 GMT 9 May 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The Ministry of the Interior cannot arrest citizens for statements that tend to disturb

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public order, said Mondesir Beaubrun, Haitian minister of the interior. The authorities in charge of maintaining order in the city must assume their responsibilities, Mr. Beaubrun stated in substance.

Beaubrun made it a point of stressing that his Ministry, however, could be used as a source of contact if the policemen do not know the authors of obstreperous statements. Minister Beaubrun was speaking following a demonstration of the employees of his Ministry, who were reproaching him for his silence against the charges of the Rally of the Military Dismissed Without Reasons. [passage omitted]

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Poll Results on EZLN Aims Qualified

95CA0323A Mexico City VOZ Y VOTO in Spanish Jul 95 pp 20-23

[Unattributed article: "As They Say, Ask a Silly Question..."; for related reporting, see the 29 June Latin America DAILY REPORT pp 16-17]

[FBIS Translated Text] In his recorded message on 8 June the "Sub" [Deputy Commander (subcomandante) Marcos] asked his supporters to organize a worldwide consultation on what they ought to do. There are five questions in the consultation that will be conducted in Mexico and all member countries of the United Nations. VOZ Y VOTO has asked Covarrubias and Associates to survey public sentiment about the concerns of the man who may also receive the Nobel Prize for Literature.

The polling was conducted over the telephone among a sample of 400 persons selected at random from the white pages of the Mexico City phone book. Special care was taken to pose the questions exactly as they were phrased by the EZLN [Zapatist National Liberation Army] Command and to ask the respondents to answer "yes," "no," or "not sure," just as the communique emphasized.

Before the questions were posed, the following introduction was given: "Deputy Commander (subcomandante) Marcos published five questions addressed to all Mexicans in the newspapers. I am going to ask you these questions just as they were printed, and I am going to ask you to answer each of them by saying whether you agree, disagree, or are not sure."

The first question: "Do you agree that the Mexican people's principal demands are: land, housing, jobs, food, health, education, culture, information, independence, democracy, freedom, justice, and peace," was answered in the affirmative by 95 percent of the respondents, with two percent saying no, and three percent not sure.

In response to the second question: "Should the various democratic forces join together in a broad opposition front and struggle for the 13 main demands?" the yes answers dropped to 71 percent, with 16 percent not sure, and 13 percent saying no.

The third question read as follows: "Should a sweeping political reform be undertaken under conditions that would guarantee: fairness, citizen participation (including nonpartisan and nongovernment participation), respect for the vote, reliable voter rolls, and recognition of all national, regional, and local political forces?" The responses were 85 percent yes, just three percent no, and 12 percent not sure.

The replies to the fourth question ("Should the EZLN become a new and independent political force?") were as follows: 25 percent said yes, 45 percent no, and 30 percent not sure.

The fifth question was: "Should the EZLN join other forces and organizations and form a new political organization?" The responses were: 31 percent yes, 37 percent no, and 32 percent not sure.

In order to help clarify the responses to the last two questions, the respondents were asked, after giving their answers, to explain why they replied as they did. The results appear in Tables 1 to 4.

How do the people who said that the EZLN ought to become a new, independent political force explain their response? As we can see in Table 1, not all of the explanations are relevant to the question. In fact, the relevant replies account for just seven of the 25 percent who said it should: "There would be more political competition; it would sharpen its focus; it would grow stronger, and the country would stabilize; it could express its ideas that way without disturbing the peace; a good opposition party is needed, and it represents a different viewpoint/another way of thinking."

Table 1. Why Should the EZLN Become a New and Independent Political Force?

Reason	Percent
To bring about a change in the well-being of citizens	4
It would be the right thing for the people/It would defend their rights	3
There would be more political competition	2
It could struggle independently	1
It has been brave enough to fight/confront the government	1
It would sharpen its focus/ reveal its aims	1
It has a right to do so	1
It would grow stronger, and the country would stabilize	1
It would be alright to do so, but in keeping with the law	1
It could express its ideas that way without disturbing the peace	1

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Reason	Percent
A good opposition party is needed	1
It represents a different viewpoint/another way of thinking	1
Others	4
No answer	3
Total	25

In explaining their reasons, those who felt that the EZLN should not become a new, independent political force voiced their fears of or prejudices against the armed group. They can be summarized as follows: it is violent ("There would be more violence; it is violent/would not run things well; it would do whatever it felt like without respecting the law"); it is inexperienced ("It lacks experience/does not know how to struggle"), and it engenders mistrust ("It does not face consequences/ cannot be trusted; it seeks its own welfare, not that of the people; it would be just like other bad organizations; we do not know its real intentions"). There were also those who felt that "we do not need any more political parties."

Table 2. Why Should the EZLN Not Become a New and Independent Political Force?

Reason	Percent
There would be more violence	7
It lacks experience/does not know how to struggle	5
It does not face consequences/ cannot be trusted	3
It would do no good/More political parties are not needed	3
It should unite to improve itself/support the government	2
It seeks its own welfare, not the people's	2
It would be just like other bad organizations	2
We do not know its real intentions	2
It is very violent/would not run things well	2
It would do whatever it felt like without respecting the law	2
Others	10
Total	45

What reasons were cited by the people who said that the EZLN should join other forces and organizations and form a new political organization? The main one (12 out of 37 percent) had to do with the strength that arises from unity: "It would be stronger; united, they would accomplish more; so that it would have more support"). The other answers have no direct relation to the question.

Table 3. Why Should the EZLN Join Other Forces and Organizations and Form a New Political Organization?

Reason	Percent
It would be stronger	9
United, they would accomplish more	4
So that it would have more support	3
So that they could make things better benefit the people	3
For the sake of change	2
Others	8
No answer	2
Total	31

Among those who felt that the EZLN should not join other forces and organizations and form a new political organization, the most common argument cited the potential conflicts that such alliances would cause. The respondents used these words: "Each group would fight on its own/There would be confusion/They would have different interests." Another reason was that the EZLN ought to be, as proposed in question four, a new and independent political force: "It can do it alone; it should be genuine; it would not be by joining with others." The other replies again cited the fears of violence and mistrust of the armed group.

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Table 4. Why Should the EZLN not Join Other Forces and Organizations and Form a New Political Organization?

Reason	Percent
Each group would fight on its own/There would be confusion/They would have different interests	12
It can do it alone	3
The government would continue to have its way	2
If it causes disasters now, it would be worse after joining with others	2
It would look out for itself, not the people	1
It is very violent	1
It does not face consequences/ We cannot support it	1
More parties are not needed	1
It should be genuine; it would not be by joining with others	1
Others	9
Not sure/no answer	4
Total	37

A glance at these findings might lead to the conclusion that most people in Mexico City accept the first three proposals but reject or do not understand the fourth and fifth.

In our opinion, however, these findings do not fully reflect the thoughts and feelings of the citizenry, because the questionnaire suffers from serious methodological shortcomings. The first three questions conceptually compel an affirmative reply, while the complicated, hackneyed phrasing impedes comprehension and invites a negative response (question two, for instance).

In the specific case of question two, the use of the phrase "...join in a broad opposition front and struggle..." smacks of violence and, consequently, prompts disagreement.

As for the crucial questions, four and five, they could, owing to the issues they raise and because they are separate questions, prompt a high percentage of "not sure" replies or inconsistencies in responses. The reason is that some people might answer yes to both, which could lead to the conclusion that they did not fully grasp the major difference between "going it alone" and "having company."

Corroborating our methodological reservations about these two questions, an analysis of the findings showed that the percentage of "not sure" replies increased strikingly in comparison to the first three questions and that several people (11 percent of the total sample) did indeed answer yes to both questions (this percentage was determined from a cross tabulation of the variables in question). This latter detail is significant, because it means that of the 31 percent of the respondents who wanted Deputy Commander (subcomandante) Marcos to join other political forces and organizations, more than a third (37.5 percent) had previously said that they would want him to become a new and independent political force, thus showing that they were not fully aware of what they were saying.

In light of all the above, the only conclusion that we can draw from the poll is that given the questionnaire that was used, the General Command of the EZLN will not be able to ascertain, in any valid, reliable way, how Mexicans feel about its proposals.

Methodological Note

The poll was conducted on 13 and 14 June of this year among a universe defined as "citizens 18 years of age and older living in homes with telephones listed in the white section of the Mexico City directory. A total of 418 interviews were conducted in 16 administrative divisions and seven [Mexico City] metropolitan area municipalities in the State of Mexico. The sample method was random systematic, and the margin of error, given the sample size for a 50 percent proportional value [as published], is plus or minus 4.9 percent with a confidence interval of 95 percent.

[VOZ Y VOTO adds that: The study was done by Covarrubias and Associates, S.C.; General Manager: Ana Cristina Covarrubias; Sample Design and Field Coordinator: Adrian Villegas; Data Processing: Sergio Garcia]

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Guatemala

De Leon: CIA Must Declassify Devine, Bamaca Files

PA1008021795 Panama City ACAN in Spanish 2243 GMT 9 Aug 95

[FBIS Translated Text] Guatemala City, 9 Aug (ACAN-EFE) — Guatemalan President Ramiro De Leon Carpio said today that the CIA will have to disclose the official report on the murders of Michael Devine and guerrilla Efrain Bamaca, for which the Armed Forces are being held responsible.

Devine, a U.S. citizen engaged in the hotel business, was murdered in 1990 in the northern Peten Department, while Bamaca, a guerrilla of the Guatemalan Revolutionary Organization of the People in Arms (ORPA), married to U.S. lawyer Jennifer Harbury, was killed in the southern Retalhuleu Department.

Harbury has asked the U.S. Government to declassify the Bamaca case, for which Guatemalan Colonel Julio Roberto Alpirez, an alleged CIA agent, has been held responsible.

At a news conference, De Leon said that so far he has no official report from the U.S. Government about the crimes for which members of the Armed Forces are being charged.

De Leon said the CIA must be asked to clarify if U.S. funds were used to perpetrate crimes in Guatemala.

"If there are people hired by the CIA, I am not aware of it," De Leon said in response to a question in that regard.

He recalled that neither of the two cases occurred during his Administration. De Leon assumed the Presidency in June 1993, after a foiled coup d'etat against former President Jorge Serrano, who is currently in exile in Panama.

Independently of those two cases, relations with the United States are "excellent," De Leon stressed, adding that those cases are "a CIA problem."

Regarding the campaigns conducted by humanitarian groups in the United States who are asking for a suspension of U.S. aid to Guatemala for alleged violations of human rights, De Leon said those violations will continue until his government signs a peace agreement with the guerrillas.

De Leon reiterated that the main cause of those violations is the civil war. Although he admitted that the abuses continue, he said that it is not an institutionalized policy.

"When the war is over, Guatemala will have a new image abroad," he said. In the meantime, "we will continue our efforts to eliminate impunity," he stressed.

De Leon said that the campaigns against Guatemala "will not affect the support it receives from the international community," and recalled that not too long ago France promised to grant approximately $500 million for the post-war period.

National Historic Change Party Nominates Candidates

PA0908231395 Guatemala City LA REPUBLICA in Spanish 7 Aug 95 p 10

[Report by Danilo Anleu U.]

[FBIS Translated Text] The new political party National Historic Change (Camhina) nominated Jose Ramon Godoy Gomez, also known as Monchis, as presidential candidate, and controversial Priest Jose Maria Ruiz Furlan, Father Chemita, who previously ran for Mayor of Guatemala City, as vice presidential candidate.

The names of the candidates were announced at the Nou Camp Hall in Zone 4. More than 4,000 people from the capital's lower-income neighborhoods, where Camhina claims to have a great potential of votes, were present.

During his speech, Godoy Gomez announced that his party has plans of implementing development programs throughout the country, promoting and encouraging the creation of new jobs, as well as specific programs for women.

Godoy Gomez added that if he is elected, he will try to improve the country's image, maintain free enterprise and promote tourism all over the country.

"We want total respect for all of our rights, beginning with the economic rights," Godoy Gomez said. He stressed the need to change the shy attitude Guatemalans have shown for various years. "It is time that we help ourselves, stand up and stop self-destruction," Godoy Gomez noted.

Meanwhile, Carlos Aguirre, candidate for the Guatemalan City Mayor's Office, announced that he will promote the first low-cost housing program in the city, stressing that it is time to put an end to the permanence of the ruling party in the capital city's municipal government.

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Panama

CGTP Workers From 27 Organizations Join Indefinite Strike

PA0908193995 Panama City TVN Television Network in Spanish 1810 GMT 9 Aug 95

[Interview with Mariano Mena, coordinador of the General Coordinating Board of Panamanian Workers, CGTP, by Ricardo Samaniego at the Legislative Assembly —live]

[FBIS Translated Text] [Samaniego] Good afternoon, television viewers. We are here at the Legislative Assembly where a last-minute news story has just unfolded. The 27 organizations Mariano Mena represents have decided to join the indefinite strike. Could you explain this decision to us, Mr. Mena?

[Mena] After we exhausted all the talks and consensus mechanisms and after we had found a solution to Articles 40 and 41 of the Labor Code reforms, the Legislative Assembly overturned this decision and decided to reconsider these articles, which deal with the payment of unpaid wages and indemnifications. We had reached an agreement to leave these articles as they were in the Labor Code. Right now, these articles are being reconsidered.

[Samaniego] What are the implications of this decision? How many organizations are joining the strike and who are they?

[Mena] As a result of the agreement our confederation reached, we are summoning all our organizations, our 27 grassroots organizations, to join us in the strike we are declaring today. In addition, in our confederation, we have workers from the transportation, food, trade, textile, graphics, and paper sectors; that is, we have countless organizations, all of which are willing and available to join the strike. They were only awaiting our announcement.

[Samaniego] Does this decision include independent teachers?

[Mena] It Includes independent teachers indeed.

[Samaniego] What are the implications in the midst of what is going on in the country?

[Mena] Well, it implies that our organization, in order to maintain the position of defending the Panamanian workers' best interests, is responsibly accepting this decision, because we believe that the Legislative Assembly... [pauses] we definitely recognize the efforts the Legislative Assembly made to honor what it had pledged to workers. However, the pressure money exerted made the Legislative Assembly reconsider an article that had already been approved.

[Samaniego] Which other leaders who participated in the Tripartite Commission have said they want to join the strike?

[Mena] I cannot tell you. I am only speaking on behalf of our organization.

[Samaniego] Thank you. This is what is now going on at the Legislative Assembly, where Mr. Mariano Mena, who represents 27 organizations and who was a member of the Labor Foundation and the Tripartite Commission, which discussed the Labor Code reforms, has just announced that they are declaring an indefinite strike.

CTRP Leader Calls For 48-Hour Extendible Strike

PA1008024795 Panama City Circuito RPC Television in Spanish 2300 GMT 9 Aug 95

[Report by Orlando Mendieta from the "RPC Television News" newscast]

[FBIS Translated Text] The Confederation of Workers of Panama [CTRP], announced this afternoon that all the unions affiliated to their organization will go on a 48-hour extendible strike to protest the labor reforms approved in second debate by the Legislative Assembly.

The CTRP leaders said they had decided to go on strike because the reforms approved by the Legislative Assembly violated the Bambito Pact and the agreements made by the Tripartite Commission that prepared the labor law reforms.

[Begin recording] [CTRP leader Aniano Pinzon] However, we want to ask the President to correct the actions that took place today. We want the three branches of government to be allowed to work independently.

We know about the manipulations and machinations, which took place yesterday afternoon, last night, and early this morning, by PRD [Democratic Revolutionary Party] legislators, who are the majority at the Legislative Assembly.

We also know that the Solidarity Party tried to pull a fast one [hacer una jugada] and unbalance the absolute majority at the Legislative Assembly at a given moment.

Likewise, we are aware that the opposition has played a hypocritical role. Their legislators were supposedly defending the workers interests, but were really contributing to the approval of the reforms. [end recording]

According to Pinzon, approximately 65 unions affiliated to the CTRP will initiate their strike as of 0700,

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this Thursday. He also announced that this strike will be prolonged if the government does not modify the approved reforms.

Businessmen Report Losses From Strike Exceed $10 Million

PA1008020095 Panama City Telemetro Television Network in Spanish 1730 GMT 8 Aug 95

[Report by Axel Rivera from the "Telemetro Reports" newscast]

[FBIS Translated Text] The business sector has lost more than $10 million in the last three days as a result of the disturbances and the traffic jams. According to Commerce Chamber leaders, should the strike continue, the above figure may double.

The traffic jams and disturbances of the last few days have caused a significant reduction in business sales, to the point that the Commerce Chamber has estimated losses exceeded $10 million in the last three days of protest.

[Begin recording] [Juan Jose Vallarino, president of the Chamber of Commerce, Industries and Agriculture] Sales in the area have dropped significantly because of the uncertainty and people's fear of going out due to the problems that have occurred since last Friday. We call on all parties to sit down and talk. [end recording]

Fewer buyers are visiting Central Avenue these days, because it has been the site of disturbances which have adversely affected one of the most important commercial areas of the country.

[Begin recording unidentified businessmen] The situation is very critical and I believe it is time to give dialogue a chance. This will not be resolved hurling stones or causing street disturbances. This has a tremendous negative impact on trade. Today, I don't have much to do here. People are looking at each other in dismay.

[Unidentified businessman] From Friday to date commercial activity has declined by 70 or 80 percent.

[Reporter] What about the security?

[Businessman] Well, as far as security is concerned, the riot police are somehow trying to guarantee the security and tranquillity of commercial outlets. In addition, businesses themselves must provide, to some degree, for their own protection. [end recording]

Commerce Chamber leaders have expressed concern over the prolonging of the strike, which is marking its fourth day today. They said that should other production sectors join the strike, losses may exceed $19 million daily.

[Begin recording] [Carlos Vallarino, deputy minister of planning and economic policy] I would say that these disturbances are temporary and they will only last two or three days. I believe this will definitely have an adverse effect on commercial activity, but this will only be temporary because, following the approval of the bill, benefits will be greater and we will have a more modern Labor Law. [end recording]

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Argentina

Menem: Cuts Not To Affect Military Capacity

PY0908161895 Buenos Aires TELAM in Spanish 1854 GMT 6 Aug 95

[FBIS Translated Text] Buenos Aires, 6 Aug (TELAM) — President Carlos Menem today emphasized that, unlike any other administration during the past 100 years, his administration has changed the role played by the Armed Forces. He also emphasized that the budget cuts that will be implemented will not affect the operational capacity of the Army, the Navy, and the Air Force.

During a TV "Interview" program, which is produced by the Media Secretariat [of the Presidency], Menem said: "During the past 100 years, not a single administration has reformulated the Armed Forces issue as this administration has done."

The president added: "Furthermore, the revolutionary issue of the voluntary military service represents a response to the existing doubts. Is it necessary to implement budget cuts? It is necessary, but this will not affect the Armed Forces' operational capacity for their current purposes."

Menem subsequently responded to a remark made by his interviewer, journalist Samuel Gelblung, who noted: "Planes cannot fly."

The president said: "The A-4M (Skyhawk) planes are arriving here from the United States for repair, allowing the Air Force to train its pilots."

Menem also mentioned "the possibility of selling some planes currently being built or to be built by the Cordoba Materiel Area, thus raising funds that will permit us to build the Pampa planes for training Argentine pilots."

In the president's opinion, "there are many possibilities, but it is necessary to adjust ourselves to budget guidelines." He noted: "Nevertheless, we must not forget the huge operational spending incurred by the Armed Forces, which was constantly criticized by all the segments of our community."

Menem Denies IMF 'Waiver,' Insists on Programs

PY0908230495 Sao Paulo AGENCIA ESTADO in Portuguese 1923 GMT 7 Aug 95

[FBIS Translated Text] Asuncion, 7 Aug (AE) — President Carlos Menem has denied the possibility of Argentina requesting a "waiver" from the IMF. Menem told AGENCIA ESTADO before leaving for Buenos Aires that Argentina will fulfill all the fiscal goals agreed upon with the IMF for this year.

The fiscal goal for the first semester was to reduce the deficit to $710 million. "Technically we achieved that goal," Menem said, referring to the deficit of $740 million that was actually registered during this period. The difference of $30 million is supposedly irrelevant.

Argentina has to reverse this result and obtain a $2 billion surplus by December. "Our essential goal is to maintain a fiscal balance, and Argentina has done that," the president said.

Menem assured AE that the government will not increase taxes or interest rates, or change the foreign exchange rate, to obtain the surplus anticipated by his economic team. "We will not change our economic policies. They will continue as they are today. Our growth depends on investments, production, and exports, which are all increasing," Menem said.

Menem thus recognized that at this time Argentina depends on more foreign capital. For this Menem will have to calm down foreign investors, who see in Domingo Cavallo "a crucial figure" for maintaining the economic plan.

In Asuncion, Cavallo participated in the Mercosur [Common Market of the South] Council meeting. He appeared irritated with reporters' insistence on talking about Argentina's economic problems, particularly in relation to the record unemployment index (18.6 percent).

The Argentine superminister [el superministro argentino] did not even participate in the reception for the Mercosur member countries' delegations. He returned to Buenos Aires on 4 August. Analysts believe that Cavallo's image is somehow worn out, and that his relations with President Menem have deteriorated due to strong political pressures. Last week, for instance, one of his most important assistants, the public revenues secretary [Carlos Tacchi] (the Argentine federal revenue service), resigned his post.

With respect to unemployment, President Carlos Menem said that just as he defeated hyperinflation in his first mandate, he will defeat unemployment during his second mandate. "Unemployment is not a problem affecting only Argentina. All developed countries are facing this growing problem," Menem argued.

The president said that his administration will create 350,000 jobs per year. He announced the construction of 50,000 low cost housing units and the transfer of the Buenos Aires airport to an artificial island on the River Plate.

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Di Tella Holds News Conference on Falklands

PY0908200595 Buenos Aires TELAM in Spanish 2325 GMT 8 Aug 95

[FBIS Translated Text] Buenos Aires, 8 Aug (TELAM) — Foreign Minister Guido Di Tella noted today that the negotiations with the United Kingdom on the possibility of jointly exploiting oil in the Malvinas Islands are facing their most difficult period because they have nearly been concluded.

Referring to the new fishing agreements with the European Union, Di Tella said: "The chances of achieving an agreement are not very good, but are not nil either."

During a news conference, the minister pointed out: "It is clear that the positions become harder and the negotiations become more difficult as we enter their final period."

The foreign minister said: "During the negotiations, sometimes a rejection becomes an approval if the positions change."

Nevertheless, the minister confirmed: "We will not accept any alternative that will compromise our sovereign rights over the Malvinas Islands."

Di Tella emphasized that the British say "we are unyielding and, concerning the sovereignty issue, we are indeed." He said: "We have not changed. From the very beginning of these negotiations, we have been saying the same, and we will continue to say it."

Nevertheless, the minister did not rule out the possibility of holding within the next few days "a high-level political meeting" between government officials from the two countries.

Di Tella said: "This possibility has been foreseen, but it depends on the development of the talks."

A bilateral meeting between Argentine Foreign Under Secretary Guillermo Gonzalez and British Foreign Under Secretary William Marsdem had been scheduled for this week.

On 4 August, however, Gonzalez announced that the meeting "depended on the British response to an Argentine proposal."

The foreign under secretary announced that "a method, involving the exchange of documents through the respective embassies, had been implemented and, if there are any substantial issues for negotiation, we will hold a meeting at a political level."

Di Tella did not confirm the reports indicating that yesterday the Foreign Ministry received an unsatisfactory response from London.

Refusing to make any additional remarks, the minister pointed out: "This is a delicate and hard situation that requires a confidential attitude so as not to encumber the negotiations or affect the negotiators."

Di Tella pointed out: "The negotiations continue to be conducted through various channels. Talks continue to be held. Nevertheless, these are the last 10 days, days that might prove to be a key period as concerns the success or failure of negotiations that have been held for more than one year."

Di Tella noted: "I can only say that, concerning the fundamental issue, we will not change. If we would accept some requirements, we would be yielding and, concerning the sovereignty issue, we will not yield."

Proposed UCR Announces 'Shadow Cabinet'

95SM0452B Buenos Aires CLARIN in Spanish 24 Jul 95 p 6

[Article by Carlos Quiros: "UCR Prepares Its 'Shadow Cabinet'"]

[FBIS Translated Text] The boldest, most innovative move in the reorganization that the UCR [Radical Civic Union] has scheduled for November will be the appointment of a shadow cabinet alongside the new leadership.

This group will precisely parallel the Menem administration's cabinet, with the posts to be filled by frontline UCR leaders from the major wings of the party. Backed by their specialists and secretaries, they will carefully track the administration's policies.

The Chief

Deputy Rodolfo Terragno, who seems to be Angeloz' only rival today for control of the UCR's top echelon, will be tempted to become chief of the traditional British-style "shadow cabinet" that he came to know so well during his time in London.

UCR leaders assume that as soon as Terragno realizes that Angeloz' current bid for a party-wide consensus that will take him to the top does not entail a risky internal confrontation, he will take a prominent role in backing this bid for unity. The goal is to place leading UCR figures, who will serve as spokesmen, in all 12 of the shadow cabinet posts, as there will be 12 seats in the administration's cabinet under the reformed Constitution.

Leaders Federico Storani, Leopoldo Moreau, Juan Manuel Casella, Jesus Rodriguez, Fernando de la Rua, Horacio Usandizaga, Sergio Montiel, Horacio Jaunarena, Antonio Berhongaray, and even nonparty

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members are in line for the Interior, Foreign Relations, Defense, Economy, Health, Labor, Justice, and Education Ministries, among others.

But a prominent role will also be played by figures such as Jose Genoud and Raul Baglini from Mendoza; constitutionalist Ricardo Gil Lavedra; health care expert Aldo Neri; education expert Gabriel Dumon, international-relations specialist Carlos Perez Llana, and economists Juan Sourrouille, Jose Luis Machinea, Adalberto Rodriguez Giavarini, Ricardo Lopez Murphy, and Bernardo Grinspun.

Economy

The "shadow economy ministry," according to plans, would be headed not by an economist but by an influential political leader (De la Rua, Storani, Casella, Melchor Posse), who would be assisted by economists.

Raul Alfonsin, who will step down as UCR chief, will move over to chair an international relations committee, outside the "shadow cabinet," that will serve as a kind of party representative, through its foundation (FUALI) [Argentine Foundation for Freedom of the Press], vis-a-vis similar world organizations and kindred international political groups.

Absent a leader like Juan Peron, Ricardo Balbin, or Alfonsin, the aim is to establish an institutional leadership in the UCR, whereby roles would be assigned to leaders of all factions in an attempt to develop a unified opposition message with alternative proposals, so that the party is not represented, as it has been to date, by scattered and, at times, contradictory positions.

The Radicals want the parallel cabinet to show the same like-mindedness that the UCR bloc of deputies did during the most recent questioning of Economy Minister Domingo Cavallo.

[Box, p 6]

Terragno's Prescription

Deputy Rodolfo Terragno, who hopes to vie with Eduardo Angeloz for the reins of the UCR, has contended that his party must end its "internal feuding" and become a majority force again.

During his swing through the interior to win over local UCR bosses, Terragno presented his plan to reorganize the UCR to district chiefs in Santa Fe, remarking that what is needed is a party "that is on the ball and has great internal solidarity." During his tour he "hit it off" with Santa Fe leaders Carlos Fabrissin and Lilian Del Fabro.

[Box, p 6]

The Names Being Mentioned

The following are the names that have been mentioned for the parallel cabinet that the UCR is preparing as part of its reorganization:

Cabinet Chief: Rodolfo Terragno Foreign Relations: Raul Alconada Sempe, Carlos Perez Llana Interior: Federico Storani, Melchor Posse Labor: Juan Manuel Casella, Pascual Cappelleri Justice: Ricardo Gil Lavedra, Enrique Paixao Defense: Antonio Berhongaray, Horacio Jaunarena Economy: Raul Baglini, Rodriguez Giavarini, Sourrouille, Lopez Murphy, Grinspun Education: Jose Gabriel Dumon Health: Enrique Beveraggi, Aldo Neri International Relations Committee: Raul Alfonsin

Navy Chief 'Optimistic' Over Budget Resources

PY1008015895 Buenos Aires TELAM in Spanish 1936 GMT 9 Aug 95

[FBIS Translated Text] Buenos Aires, 9 Aug (TELAM) — Sources close to the Armed Forces have reported that Admiral Emilio Molina Pico, Navy chief of staff, today analyzed the maximum optimization of budget resources with the Council of Admirals.

The meeting was held at the "Libertad" building headquartering the Armed Forces Staff, with the attendance of commanding admirals from throughout the country.

Adm. Molina Pico briefed the senior officers on the actions he had taken together with his Army and Air Force counterparts and in cooperation with Defense Minister Oscar Camilion to secure the necessary resources to ensure the Armed Forces' operational capacity.

In the course of the meeting the Navy chief of staff pointed out that Camilion had "acknowledged" that a cutback in the Armed Forces and security forces budget would create difficulties.

Adm. Molina Pico underlined that he was "optimistic" that the federal government would decide against the 31 million peso cutback in the defense budget in order to maintain patrol activities in Argentine territorial waters, to carry out operational training, and to honor commitments made for this year with regard to international operations.

The Navy chief of staff also underscored the "need" for the Army to take in this year the arranged number of voluntary soldiers, something which would demand some modifications to the budget.

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Army View on Budget Cuts, Modernization

PY1008002595 Buenos Aires TELAM in Spanish 1450 GMT 9 Aug 95

[FBIS Translated Text] Cordoba, 9 Aug (TELAM) — Lieutenant General Martin Balza, the Army chief of staff, was optimistic today over the outcome of the new defense budget cuts. He said the Army will have enough financial resources to operate.

Balza said: "I have discussed the budget question at great length with the defense minister Oscar Camilion." The Army chief of staff expressed "optimism" in that "we will have the necessary financial resources to ensure the Army's operational capacity."

Lt. Gen. Balza held a news conference in the City of Cordoba, where he is meeting with the commanders of all Army corps to analyze military matters.

Those participating in the meeting include: Division Generals Raul Gomez Sabaini, Army deputy chief of staff; Jorge Halperin, 5th Army Corps Commander ; Maximo Groba, 3d Army Corps Commander; David Comini, 2d Army Corps Commander; and Anibal Laino, director general of the Army staff.

Lt. Gen. Balza reported: "We are analyzing issues relating to the Army, such as the training and instruction of military personnel, future exercises, and the relief of peacekeeping forces."

He added that other topic included "the progress being made in voluntary military service and the re-equipment of the Army, which are related to the budget question."

Asked if the agenda includes a possible transfer of the National Border Police to Army jurisdiction — as some press reports have contended — the Army chief of staff replied that issue "is totally outside the Army's sphere."

Lt. Gen. Balza stated that the voluntary military service has "exceeded all expectations over the conscripts' quick adaptation — both men and women."

"Argentina is the first Latin American country in which women serve in the Armed Forces as conscripts. Women have proved to be efficient and easily adaptable. In some units, women's shooting average is higher than that of men," he added.

The Army chief of staff stressed that the implementation of a professional military service "is a veritable challenge and we are wholly satisfied with what is being done."

"President Carlos Menem's decision to replace draftees with volunteers last year changed 100 years of history," he emphasized.

Lt. Gen. Balza said: "I will not comment" on former Admiral Emilio Massera's remarks challenging the Army chief of staff's self-criticism about the Army's anti-guerrilla action.

Bolivia

Cochabamba Problems, Potential Identified

95SM0455A La Paz PRESENCIA in Spanish 12 Jul 95 p 3

[FBIS Translated Text] Because of its geographic location the Department of Cochabamba is a region which can contribute to national integration and to strengthening the structure of the country, opening up markets and contacts with neighboring countries, as well as functioning as a kind of Panama Canal, joining together the basins of the Atlantic and Pacific Oceans. Furthermore, it can generate multiplying effects in the Common Market of the South (MERCOSUR) and the Andean Pact.

Cochabamba shares a common boundary with six other departments of Bolivia. For this reason it can be connected with the four national corridors of production and export of goods and services. It has a substantial agricultural potential and could become, among other things, a center for producing the seeds of improved varieties of vegetables, grains, and root crops. It can be an important center for the development of smaller dairy cattle and llamas. It can continue to be one of the largest producers of chicken meat and eggs, not to mention its resources in terms of forest products, water power, petroleum, industrial and handicraft products, trade, and tourism.

Nevertheless, the Department of Cochabamba has about 10 major problem areas which should be dealt with.

Production and Coca Leaves

The Gross Domestic Product (GDP) of the department is stagnant, since the average annual contribution of the productive sectors to national GDP has remained steady at around 17 percent. This has led to low public and private (both domestic and external) investment, resulting in manufacturing output which adds little value to its production and a low level of productivity and competitiveness in domestic and international markets.

According to the Cochabamba Development Plan, the region exports some 10 percent of the 500 million sucres in total Bolivian exports of non-traditional products. This leads to a low level of manpower use and accelerated growth in the informal sector of the economy, introducing factors which distort competitive conditions. About 53 percent of the total number of business establishments in the department keep no records.

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Meanwhile, the facilities for producing coca leaves and turning them into cocaine are a headache for several reasons, including the inflationary distortion of prices and the unfavorable context for private investment, due to existing levels of uncertainty in the region.

In the Cochabamba area there are inadequate levels of productivity and a lack of market identification. There are "alarming" shortages of investment opportunities and a lack of access to credit and human development, particularly in the fields of health, education, housing, and basic sanitation. There is mismanagement of the natural and human potential of the area. The environment is deteriorating at an accelerated pace. Furthermore, the area is a center of migration, which is growing at the rate of seven per cent annually.

Poverty and the Environment

The low quality of life of the people is the reflection of social inequity and high indices of poverty. There are high rates of child and maternal mortality, a low availability of basic sanitary services, a shortage of housing and low quality in housing construction, inadequate public education, shifts in the population, and limited coverage of the electricity network, which is concentrated in urban areas. These conditions aggravate the situation.

At the same time Cochabamba is facing a notable decline and deterioration in its natural resources and an accelerated process of deterioration and pollution of the environment. There are no basic studies which would make it possible to identify the quantity and quality of natural resources. Proper management of natural resources at all levels is unknown. To this is added the lack of basic lines of established policy and technical criteria for regulating soil use and the productive process. Poor public health conditions are clearly evident, due to the lack of basic sanitary facilities in smaller population centers and in the outlying areas of the cities.

Inadequate Road Structure

Another "major problem" is the inadequate use of available space in the department. There are imbalances in the distribution of the people, reflected in excessive concentration of the population in the areas of the Central Valley, with the rest of the people generally scattered throughout the rest of the department. About 48 percent of the people have moved from their previous places of residence, and 58 percent of the population is concentrated in metropolitan areas.

For its part highway infrastructure is notably inadequate in terms of the service provided by road networks and the quality of the roads. This causes problems of internal integration between population centers, productive areas, and centers of trade, as well as problems in terms of interdepartmental and international road links. The highway network covers about 25 percent of the department, and there are only 356 km of railroads. Airport infrastructure was not considered in this study.

Political Divisions

According to the plan prepared by the Cochabamba Regional Development Corporation (CORDECO), the present political and administrative division of the territory arises from a series of problems related to imbalances in development options, the control of activities, and soil use in different areas of the department. For example, the Valle Alto [Upper Valley] area includes five provinces and 15 municipalities with an area of 2,894 square km. Meanwhile, the northern sub region of the department has an area of 17,935 square km and only three municipalities.

In the same way there is excessive centralization in state decision making. This has led to a vertical and inadequate structure resulting in overloaded functions, a lack of inter-institutional coordination, patriarchal practices in the distribution of property, and a spread of corruption as a form of relationship between society and departmental institutions.

Finally, in terms of the development of the region, there is a lack of involvement of socially active persons in the development of the region, little participation by the people in the development process, and the existence of attitudes of immediate and circumstantial expectations which are an expression of "weak regional identity in the cultural and institutional structure."

Borders and Interests

The departmental development plan prepared by the Cochabamba Regional Development Corporation (CORDECO) calls the inadequate political and administrative division of the country one of the 10 most important, major problems facing Bolivia.

It points this out with some precision which derives from a series of difficulties fundamentally related to imbalances in development choices and for the control of activities and soil use in different areas of the region.

It points to the excessive area of some provinces and municipalities. This prevents adequate control and administration of the department, due to the difficulties of physical movement in mountainous areas, owing to the lack of communications roads and the excessive distance which must be traveled to capitals and population centers where municipal governments are located.

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This situation has existed for a long time. It is not something which has only recently appeared and which has become a problem over the last few months. The reason is clear. The resources coming from the implementation of the Law on Popular Participation are the reason why municipal governments, mayors, and members of municipal councils are now concerned about their territories and powers. Previously, they were not so concerned.

The Departmental Electoral Court reported a few days ago that more than half of the members of municipal councils and cantonal officials did not pick up their credentials after the most recent municipal elections. Clearly, there was no money in it. Now that there is, these good citizens are concerned about exercising their rights.

With something between smiles and unfeigned concern we daily witness the struggle over territory between officials of communes and representatives of districts and provinces. Two days ago, for example, the offices of provincial mayors spoke up, threatening to block off all roads leading to Cochabamba to support their demand for recognition of what they are entitled to. Let it be remembered that they did not do this in the past and, apparently, they have only had rights, jurisdictions, and powers for the last few months. It's about time.

Another and no less worrisome case, although it has received more publicity, is the border dispute between the Departments of Cochabamba and Beni. The wood and petroleum in the area seem to be the apple of discord in this case, not to mention the interests of persons, groups, or sectors who hold the view that Isiboro-Securi National Park belongs to this or that department. If I remember correctly, it was about four years ago, when the petroleum potential of this area was confirmed, that these groups brought out maps, made statements, and found historical, legal, and all kinds of other reasons for property claims to a place as forgotten then as are other regions now which have nothing.

Prior to now the ethnic groups, the coca leaf growers, and allegedly illegal settlers have not been a matter of concern to people who now raise the flags of patriotism or of civic pride. I can assure you that there is nothing like civic pride or patriotism involved in this matter. The problems of departmental borders are problems of various interest groups. This does not mean that things should stay as they are for another century or so. These disputes should be resolved by the authority designated by law. That is, the matter should be left in the hands of the National Congress which, unfortunately, is the least advisable body to resolve the matter because its members are politicians, a majority of whom are venal, corrupt, and irresponsible.

God grant that good sense and, we hope, civic pride and patriotism will set aside the interested attitudes of persons or groups of persons or organizations which wish to create problems, lacking something else to do, and that the government will respect its constitutional mandate to make sure that the law is complied with as a general and obligatory standard.

ENTEL: Cost of Fiber Optics Installation

95SM0455B La Paz PRESENCIA in Spanish
14 Jul 95 p 1

["Special Report"]

[FBIS Translated Text] Santa Cruz, 13 July—German Medrano Kreidler, executive president of ENTEL [National Telecommunications Company], has stated that the company will save at least $100 million on the installation of a fiber optics system, when the natural gas pipeline from Santa Cruz to San Pablo is completed. The cables of this modern telecommunications project will be colocated in the pipeline.

Medrano said that he was hopeful that Bolivia would be able to rely on the fiber optic system, judging by the extraordinary results achieved in countries using fiber optics cable, which makes it possible to have communications of absolute clarity and quality.

He estimated that the project could cost $300 million, $100 million of which would be saved, thanks to the construction of the natural gas pipeline, through which the fiber optic cables would run, along the segment from Santa Cruz to San Pablo, a distance of more than 2,000 km.

Medrano stated later on that the capital investment involved in the project will be a source of salvation for the Bolivian economy. He said that in the case of ENTEL the transfer process would generate at least $300 million. He stated confidently: "I am optimistic and certain that the country will make this much money."

He repeated that the National Telecommunications Company will be fully capitalized by 31 August and said that the net worth of the company amounts to at least $140 million.

On the other hand he said that in 1995 it is expected to double the company income recorded in 1994 from sales of ENTEL services, which amounted to $160 million, 60 percent of which came from international telephone calls.

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Telephone Booth on the Isla del Sol

On the other hand Medrano announced that, as "a present for the city of La Paz" on its birthday on 16 July ENTEL will open a telephone booth for short and long distance telephone calls on the picturesque Isla del Sol, located in a bay of Lake Titicaca, more than 4,500 feet above sea level.

Brazil

Cardoso Sends Petrobras Activities to Senate

PY1008022695 Sao Paulo AGENCIA ESTADO in Portuguese 2239 GMT 9 Aug 95

[FBIS Translated Text] President Fernando Henrique Cardoso has sent the following letter to Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] giving guarantees for Petrobras [Brazilian Petroleum Corporation]:

"During a recent meeting with Senators Ronaldo Cunha Lima and Jader Barbalho, the former — who is rapporteur of Constitutional Amendment Proposal No. 6 [which seeks to end the monopoly held by Petrobras] — expressed concern over the eventual privatization of Petrobras as well as its future operational conditions.

I want to reassert what was stated by Luiz Carlos Santos, the government leader in the Chamber of Deputies, in a speech to that house:

1. Petrobras will not be privatized.

2. The federal government will not contract other companies to prospect and exploit within the production areas of Petrobras, which will continue under the control of Petrobras, observing the rules of the new model.

3. When granting concessions for prospecting and exploitation, if equal offers are presented by Petrobras and another company, Petrobras is guaranteed the preferential right to the concession.

The above mentioned points have already been explained by the government leader in the lower house. In consideration to the Senate, I have asked Elcio Alvares, the government leader in the Senate, to deliver this letter to you so that the Senate will learn the government's plan. Under Senate regulations, the law regulating oil activities must be approved by an absolute majority.

Cordially,

Fernando Henrique Cardoso"

1995 Trade Deficit Estimated at $2.5 Billion

95SM0456B Sao Paulo GAZETA MERCANTIL in Portuguese 27 Jul 95 p A-3

[Article by correspondent Sandra Gomide: "Pratini: Deficit Going to $2.5 Billion"]

[FBIS Translated Text] The restrictions on imports are likely to start bearing fruit in September, when the Brazilian trade deficit begins a turnaround. The prediction by Marcus Vinicius Pratini de Moraes, president of the Association of Brazilian Exporters (AEB), is that the net position, which has built up a $4.5 billion shortfall in the past eight months, will end the year with a deficit of about $2.5 billion.

Although this is a positive sign for this country's accounts, in reality the change does not reflect an increase in exports, but a decline in imports. "Foreign sales increased this year only because of the recovery in world prices of soybeans, aluminum, and cellulose. Other products are trending downward," Pratini de Moraes said.

Exports are likely to continue at present levels of $4.5 billion a month until September, when the crop year ends for soybeans—one of the leading products on Brazil's export list. Then exports will probably decline again. Between January and June, sales of the soybean group (beans, meal, and crude bean oil) amounted to $1.8 billion.

Pratini de Moraes is expected to meet this week with Minister of Finance Pedro Malan to try to make the government aware of export costs and convince it that the PIS [Social Integration Program] and Cofins [Social Investment Contribution] exemptions granted the export trade did not, in practice, represent much of a gain. What exporters have long sought is a reduction in the heaviest part of the tax burden—such as the Industrial Products Tax (IPI) and the Export Tax (IE).

Although some traders contacted by this newspaper are being sought out by major industrial firms interested in exporting, Pratini de Moraes believes the decline in domestic demand is still not spurring companies to look for markets overseas. "Industry is laying off workers, and this means it is not maintaining production," he believes. The level of employment in Sao Paulo industry, according to FIESP [Sao Paulo State Federation of Industries], has been declining for six consecutive weeks, and at least 36,800 layoffs have now occurred since May.

"Brazil is still a very closed country. All the liberalizations and concessions have gotten us nothing in exchange," is how Pratini de Moraes sees it. As example,

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he cites the disputes affecting trade relations with the United States. The main ones are exports of orange juice concentrate, which are hit with a 50 percent surcharge to protect Florida growers, and Brazilian meat and poultry, which the United States does not accept for phytosanitary reasons.

Businessmen involved in foreign trade continue to urge a change in the exchange rate to give the sector some relief. "A reasonable exchange rate would be one-to-one, but then there are the port costs, which are high and end up restricting the competitiveness of Brazilian products on the world market."

Covas May Delay Approval of Banespa Accord

95SM0456C Sao Paulo GAZETA MERCANTIL in Portuguese 25 Jul 95 p B-2

[Article by correspondent Fernando Dantas: "Banespa: Arrangement May Take Time"]

[FBIS Translated Text] According to a source close to the negotiations about Banespa [Sao Paulo State Bank], right now Governor Mario Covas is not inclined to sign the draft agreement between the Central Bank (BC) and the Government of Sao Paulo State.

The reason is political. The Sao Paulo government will have to submit a bill to the state's Legislative Assembly regulating certain aspects of the agreement, such as the question of the guarantees and the changes in the share control of the bank. Without these changes in legislation, those points of the agreement cannot be validated.

The Sao Paulo governor is believed to reason that by signing the protocol, he would be anticipating the decision by the legislature and the Assembly might react unfavorably to this. According to the same source, the bill pertaining to the Banespa agreement is likely to reach the Assembly during the second or third week of August. In the event Covas really does not sign the draft ahead of time, it would also be sent to the Assembly, along with the proposed bill.

The timing of the conclusion of the agreement has direct implications for Michael Paul Zeitlin, named as Banespa's next president. If Covas signs the draft, Zeitlin would immediately take office. If the governor waits for the Assembly to approve changes in the law, then Zeitlin could not be sworn in until that happens.

Approval by the Assembly begins a period in which Banespa management would be shared by the Central Bank and the Sao Paulo government. Preparations would be made during that period for the auction of Banespa shares, which, in the initial phase, are to be offered to private enterprise. When private partners have acquired that lot, the Central Bank would withdraw from Banespa. At the moment, Banespa is still being run by a board of Central Bank conservators headed by Altino da Cunha, a retired BC official.

Deputy Jose Genoino Presents Judicial Control Proposal

PY1008002795 Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Aug 95 p 4

[FBIS Translated Text] Deputy Jose Genoino (PT-SP) [Workers Party-Sao Paulo] yesterday defended his judicial reform proposal in the Federal Justice auditorium in Rio de Janeiro, but not without finding some resistance among the public. The most controversial point was Genoino's proposal to discontinue the appointment for life of judges. The audience shouted back: "You are going to preclude the independence of judges!" Genoino answered that he is willing to withdraw this specific point from his proposal as long as a more objective criterion for the promotion of magistrates is established. He was nonetheless applauded when he reported that he intends to put an end to the secret sessions of the Federal Supreme Court.

As he defended his proposal to create external supervision for the judicial branch, Genoino agreed to discuss congressional immunity. "It cannot continue the way it is now," he said, adding that external supervision is "a healthy risk for democracy." Genoino was questioned by Rio de Janeiro Federal Judge Salete Maria Macaloz, who defended greater strictness for the internal supervision councils, which "never worked." She criticized the estrangement between the judicial branch and the people, and recommended that the public repudiate the construction of another luxurious building — the new Superior Labor Court in Brasilia.

Macaloz questioned the idea that external supervision is the "medicine" for the judicial branch, arguing that the current control mechanisms have not prevented the public from disapproving of the institution. She said that of the three main criticisms made against the judicial system — slowness, nepotism, and privileges — that were pointed out in a series of articles published by JORNAL DO BRASIL, two can be easily corrected: "Relatives could be fired, and the luxury could be eliminated."

Macaloz also criticized the possibility that allows the president to create "a binding case" (that is, cases involving the executive branch should be tried by higher courts).

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Government Reduces Pressure on Credit To Avoid Recession

PY0908183295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Aug 95 p B9

[By Beatriz Abreu]

[FBIS Translated Text] Brasilia — After having suddenly stepped on the brakes with regard to consumption and credit at the end of 1994, the Central Bank [BC] began a process of gradually draining economic resources from the market. Experts admit that the BC "iron hand" has been strong and that now is the moment to reduce pressure on credit in order to avoid creating conditions that would lead the country into recession. An economic team adviser said: "There are no risks this year," and recalled that the gross domestic product will grow by an estimated 4 or 5 percent. Credit restrictions began to be loosened with regard to vehicle purchases, and this loosening will be applied to other products as the government detects signs of economic suffocation in other productive areas.

The process will be gradual and new measures will be adopted after each case is analyzed. The same process will be used to reduce interest rates. The speed of reducing their level, which has been intensified recently, will only be defined through criteria based on the monetary policy (larger or smaller amounts of money in the market) and no longer directly related to the inflation rate.

When he reported that the term for financing the purchase of cars had been extended, BC President Gustavo Loyola made the governmental strategy clear: "We want impacts to be gradual, so that later on we do not have to backtrack on some of the measures already adopted." The government increased the financing term, but did not yield to the car pool groups. This occurred for a simple reason: If it allowed the car pool groups to increase the number of installments for the sale of vehicles, the car manufacturing companies would have had their sales ensured. As a result, the price of cars, which had gone down for the first time in many months, would again go up. The BC will still have to monitor measures that will benefit other areas.

The economic team is convinced that it is no longer possible to continue exerting pressure on credit. Finance Minister Pedro Malan and Loyola, however, are not willing to run risks. In other words, they will not allow consumption to reach the high levels registered in 1994, when the government had to adopt strict measures to restrict credit. They say they are still not worried about the large number of enterprises that have been requesting an agreement with creditors. In the opinion of Malan's advisers, the Mesbla case has not been representative.

Loyola said that it is an "isolated case." The economic team believes that what is important is that the economic cooling off is heterogeneous, i.e., some sectors are warmed up and others are cooled off. In this case, the best thing to do is to be cautious. Loyola pointed out: "There are signs of economic cooling off, but they are only signs." In his opinion, "the BC must be careful about its decision to reduce pressure on credit." He admits, however, that the ideal thing would be to go back to a situation where there would be no restrictions on credit.

Article Views PSDB, PFL Dispute for Positions

PY0908172595 Rio de Janeiro O GLOBO in Portuguese 3 Aug 95 p 3

[FBIS Translated Text] Brasilia — The government had to postpone sending its proposal to Congress because in addition to differences within the economic area about the fiscal reform, there is a war going on between the two main parties that support the government: the PSDB [Brazilian Social Democracy Party] and the PFL [Liberal Front Party]. While Planning Minister Jose Serra, one of the main PSDB leaders, works to convince the government to implement a mini fiscal reform, Federal Revenue Secretary Everardo Maciel, who is closely linked to Vice President Marco Maciel and one of the most important of the PFL cadres working in the administrative machinery, commands a crusade in favor of an all- encompassing and broad reform. Everardo Maciel is supported by Finance Minister Pedro Malan. Despite his PSDB roots, Malan has been recently adopted by the PFL.

Planalto Palace personnel are very irritated at Everardo Maciel's brazen attitude. He has been commenting on data that have not been reported to the Presidency of the Republic or authorized by it and, surprisingly, even President Fernando Henrique Cardoso.

One of Cardoso's privileged interlocutors insists that Cardoso had already decided in February that he would not implement a broad reform this year. If the president did not want a fiscal reform now, as Serra has always been saying, someone has forgotten to tell that to Malan. He not only fully supports Everardo Maciel, but also made him the Finance Ministry's main interlocutor in talks about the reform, although knowing about his differences with Serra.

In addition, in Tokyo on 1 August, Malan defended the implementation of the Value-Added Tax (IVA). In this manner, he clearly showed that he disagrees with the

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position of the planning minister, who does not even want to discuss the issue.

Everardo Maciel's brazen attitude has been a source of concern for Planalto Palace officials. In the last few days, the secretary reported a controversial proposal modifying the enterprises' income tax rules and eliminating fiscal incentives. Planalto Palace officials believe that the proposal will politically erode the government at a sensitive moment when it is resuming its structural reforms process, that it is untimely, and that it has not been sufficiently discussed within the government. Therefore, it should not have been published in the newspapers. The revenue secretary's proposal for a fiscal reform creating the IVA should not have become known to the public, either.

Cardoso's advisers think the PFL's performance, through Everardo Maciel, has the political objective of confronting Serra. It was Everardo Maciel's idea to organize a PFL dinner honoring Malan at a moment in which the minister's popularity was low, but Malan is increasingly relying on him to face the daily pressures of his position.

Political Cost of Economic Cooling Off Noted

PY0908192395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Aug 95 Section 1 p 10

[By Mauricio Puls]

[FBIS Translated Text] The recessive policy adopted by President Fernando Henrique Cardoso is threatening to disaggregate support for the government in the Chamber of Deputies. Most of the deputies are enterpreneurs whose activities are being harmed by recession.

An analysis of the voting already conducted this year shows that, despite the government's successive victories, the number of dissidents in the bloc that supports the government has been increasing since May, when the signs of crisis became more serious. This number is now large enough to prevent approval of new constitutional amendments.

A poll conducted by FOLHA reveals that at least 280 deputies (54.6 percent) have at least one entreprise. Among the congressmen in the bloc supporting the government, this percentage is higher: 65 percent (254 of the 391 deputies).

Recession reduces the entreprises' profits and leads to bankruptcy and attempts to reach agreements with creditors. In addition to directly affecting the deputies-entrepreneurs, recession also harms the congressional "bases" — industrialists, businessmen, and farmers who finance the congressmen's electoral campaigns.

The correlation between recession and the number of dissidents among the congressmen who support the government is clearly shown in the ruralist bloc's criticism of the government. This bloc represents entrepreneurs of the agricultural-livestock area. Of the 391 deputies who support the government, 116 have rural entreprises.

The agricultural area has been the most affected by economic cooling off because an increase in the level of interest rates coincided with a drop in the price of agricultural products. This generated several protest demonstrations, such as the "March Toward Brasilia."

Nevertheless, recession is not affecting the countryside only. The symptoms of the crisis are increasingly stronger in towns and cities also. According to the Sao Paulo Trade Association, the number of bankruptcy filings in July reached the historic record of 1,032.

Two large retail chains — Mesbla and Casa Centro — have requested an agreement with creditors, and a large bank is facing notorious difficulties. According to Fiesp (Sao Paulo State Federation of Industries), the level of employment in Sao Paulo industry has been decreasing since May.

Several entrepreneurial organizations have been criticizing the recessive policy. The most recent demonstration occurred on 31 July, when the presidents of Fiesp, National Confederation of Industry, Brazilian Rural Association, and Brazilian Federation of Banks called for measures to reduce the interest rate.

The number of congressmen opposing the government is also increasing. At the beginning of May, there were only 11 dissidents in the bloc supporting the government. On 6 June, 40 deputies had rebelled against the government, and on 27 June, their number already totaled 49.

In the latest vote, 297 congressmen voted for the governmental proposals and 147 opposition congressmen against them. Despite this victory, the result would not have been sufficient to approve a constitutional amendment, such as the tax reform, which requires a minimum of 308 votes.

We must also think about the upcoming 1996 elections. It seems that to automatically side with the government is no longer as attractive as it was before, and support for the real has been decreasing since the end of 1994.

Privatization Reduces Political Opportunism

The economic policy has also restricted the political opportunism mechanisms, which were used to coopt deputies. The number of companies owned by the federal government decreased from 224 in 1988 to 149

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in 1995. This has eliminated 75 enterprise president positions and hundreds of board of directors positions that were previously occupied by people appointed by politicians.

Another so-called currency used for political opportunism — the allocation of resources to projects drafted by congressmen — has also been affected. The government reduced the 1995 budget by 3.2 billion reals, and vetoed the amendments proposed by the congressmen. Finally, the concession of radio and television channels, which was very much in use until 1988, can now only be granted through the tender of biddings.

Dispute for Positions, Protests Viewed

PY0908175695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Aug 95 Section 1, p 6

[By Rui Nogueira]

[FBIS Translated Text] The national Congress resumed its activities on 1 August to the rhythm of opportunistic political demands. The agenda for the second half of the year contains topics such as the fiscal and social security area reforms, but the main occupation of the congressmen who support the government has been to dispute government-appointed positions.

The PFL [Liberal Front Party], PTB [Brazilian Labor Party], PP [Popular Party], and PL [Liberal Party] have threatened to boycott the reforms because they thought the PSDB [Brazilian Social Democracy Party] members were being appointed to the best positions.

The PFL leader in the Chamber of Deputies, Deputy Inocencio de Oliveira (Pernambuco), was extremely angry on 2 August because he could not obtain approval for the appointment of any of the candidates he had proposed.

The political opportunism war has generated something unusual. During a dinner at Alvorada Palace, Senator Antonio Carlos Magalhaes (PFL - BA) [PFL - Bahia] gave President Fernando Henrique Cardoso a list with the names of the appointed officials whom he deemed "unqualified" to occupy the positions they were appointed to.

Cardoso jotted down some of the names on a small piece of paper, which FOLHA photographers were able to photograph. One of the names vetoed by Magalhaes was Jadir Magalhaes. Magalhaes was assistant superintendent of the Manaus Free Zone during the Sarney Administration.

Over the weekend, Cardoso ordered his team to act as saviors and promise more positions in order to avoid rebellion.

Companies Deny Supporting Campaign of Colombia's Samper

PY0908223395 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Aug 95 p A9

[FBIS Translated Excerpt] The Brazilian companies mentioned in a recorded conversation with illegal financiers of the electoral campaign of Colombian President Ernesto Samper yesterday expressed surprise at the transcript of recording published by the Colombian magazine SEMANA. In the recording, the wife of Jesus Sarria — a former police officer who faces trafficking charges —asks the then candidate Samper to receive "two Brazilian executives" from Interbank and Phillip Morris who were willing to donate $58,000 to his campaign.

In Rio de Janeiro, the management of Interbank Distrbuidora de Titulos e Valores Mobiliarios denied any involvement in the case. A partner of the firm argued that Interbank is not authorized to carry out exchange operations so it is, therefore, forbidden from remitting money abroad. The executive, who preferred to remain anonymous, said information on the report received in Brazil is not enough to identify the firm because it is the transcript of a recording. "How do we know if it is Interbank or Interbanc?" he asked. He said there is a financial institution called Interbank in Aruba, while the second largest bank in Peru, which is being privatized, is called Interbanc. "We are very small," he said jokingly.

The management of Phillip Morris in Bogota and in Sao Paulo also denied having contributed to Samper's campaign. [passage omitted]

July Rise in International Reserves Forecast

95SM0456A Sao Paulo GAZETA MERCANTIL in Portuguese 27 Jul 95 pp A-1, B-3

[Article by correspondent Ivanir Jose Berlot: "A Big Increase in Reserves"]

[FBIS Translated Text] Brazil's international reserves may grow by more than $6 billion in July, thus offsetting all the losses occurred in March, when changes were made in the exchange bands system. The level of reserves at the end of July will probably exceed $37.4 billion on a cash basis and $39.5 billion on an international liquidity basis.

The Central Bank (BC) has noted a change in the perception by foreign investors of the timeliness of investing in Brazil, because it is a country believed to offer greater security than Mexico and Argentina. The increase in reserves is due to a larger inflow of capital, fundraising by the National Treasury on the German

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market, and Central Bank purchases of dollars on the financial markets to support the exchange band.

The huge inflow of foreign exchange in the floating-rate segment was what most attracted the attention of staffers at the International Reserves Operations Department. This floating-rate market, in liquid terms, exceeded $1 billion as of the 25th of this month. "These funds may be being used as short-term internal financing," a BC source said. The funds entered Brazil through accounts maintained by nonresident individuals and companies.

The Central Bank even discussed the possibility of putting restrictions on the entry of foreign currency into the floating-rate segment. The idea was ultimately discarded because the funds help maintain the parallel market rate within the parameters desired by the monetary authority.

The exchange trade balance also contributed to swell Brazil's reserves, via a net inflow that amounted to $1.7 billion as of the 25th. According to BC sources, the physical performance of the trade balance indicates there will be equilibrium or even a slight surplus in July. As of the 25 July position, the financial segment—free rates segment—shows a surplus of about $1.8 billion.

The gross entry into the financial segment—again, as of last Tuesday—exceeded $4 billion. Funds raised by financial institutions in commercial paper and notes [preceding terms in English] exceeded $1.1 billion. During the same period, foreign investors put more than $1.5 billion into Brazilian stock markets.

"In terms of these two modes of investments—foreign currency deposits and investments on the stock market—this is the best performance recorded since the creation of the Real Plan (July 1994)," a reliable BC source said.

In July, more than $720 million entered Brazil from the operation in which National Treasury Bonds were placed in Germany. Payments by the Central Bank to international entities for interest and principal on the foreign debt amounted to less than $400 million, so what entered in terms of funds raised by the Treasury abroad exceeded by $300 million the sums that went out.

Also helping to boost international reserves were the purchases of currency made by the Central Bank on the market to keep the quotation of the dollar at the lower limit of the exchange band and meet the needs of financial institutions.

This new situation, with international reserves returning to their December 1994 level, improves the Central Bank's expectations about financing the deficit in current account, which is programmed for $15 billion. BC sources believe in a recovery of the trade balance by the end of the year, with a trend toward equilibrium or a slight deficit. This means the entry of capital will partially offset the deficit in the services balance.

Editorial Evaluates 5 August Mercosur Summit in Asuncion

PY0908221595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Aug 95 p A 3

[Editorial from the "Notes and Information" page: "Too Many Committees in Mercosur"]

[FBIS Translated Text] The first Mercosur [Common Market of the South] summit since the implementation of the customs union and free trade zone ended on 5 August with the creation of many ad-hoc committees, which is a way to postpone solutions. Brazil was the target of many criticisms, but managed to overcome them by granting small concessions. During the summit President Fernando Henrique Cardoso recalled that we must overcome "the daily mishaps that always take place and which threaten our project." The summit was not completely useless: It was decided to draw up a timetable for the institutional consolidation of Mercosur. This, however, shows a lack of resolve not unlike that which surrounded the creation of the EU. Brazil is accused of maintaining import tariffs on goods coming from its Mercosur partners; of establishing non-tariff barriers — like cutting the validity of import licenses from 90 to 60 days — and of demanding cash payment on some products. Brazil managed to postpone for 30 days a ruling on complaints presented by member countries. Brazil merely offered to compensate Uruguay whose wool will again be imported without the mentioned requirements.

Regarding pressure exerted by Paraguay, which wanted to add 50 more products its list of exceptions to the Common External Tariff, Brazil reached a compromise: Mercosur member countries are allowed to unilaterally modify their import tariffs on (a maximum of 50) inputs and raw materials as long as it can be proved that there are supply problems. This is a third exception to the customs union regime, which clearly shows the serious difficulties that face the creation of a real common market.

Another meeting will be held in December to define a work program to establish a real common market by 2000, as inspired in the Europe 92 model of the European Economic Community. It must be pointed out, however, that the European organization was built over a longer term. During the seven months our customs union has been in force, obstacles to the constitution of a real bloc have been encountered.

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The most important decisions were perhaps those relating to relations with Chile and Bolivia and the possibility of Mercosur signing an agreement with the EU this year. In the case of Chile, the greatest difficulty is what the Santiago administration considers the excessively protectionist system of Mercosur. As for Bolivia, by what can be observed, it is a partner that will demand many privileges. The establishment of relations between Mercosur and other blocs continues to be important but it will first require the solution of problems that lie ahead within the Southern Cone.

Colombia

President Samper Interviewed on Current Affairs

PA1008043295 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 10 Aug 95

["Second Part" of interview with President Ernesto Samper by "24 Hours Newscast" director Diana Sofia Giraldo on 9 August; place not given — recorded]

[FBIS Translated Text] [Giraldo] What happens when you wake up every day, and you see the newspapers, newscasts, and vicious caricatures? Have you become immune to them?

[Samper] I believe one starts to develop a sort of crust. It is part of the political and public endeavor. One has to look at those things with this kind of restraint.

[Giraldo] Um hum, but doesn't the crust fall off some times?

[Samper] There are time, especially when I believe they are unfair. Regarding caricatures, well, a caricature has to be unfair for it to be good. Graphically, it has to exaggerate several aspects. Of course, some times columns do hurt you, especially when they are written by people who have been with you.

[Giraldo] I will not ask you for names but are your enemies in the political, drug trafficking, and media spheres?

[Samper] Well, I believe they are all in the same basket, but each one has a different shirt.

[Giraldo] Right now, every one thinks it is ironic that you have the Cali Cartel — the Rodriguez brothers and the most important men — behind bars and, at the same time, are so weak politically.

[Samper] I do not think I am weak politically. What does it mean to be politically weak? That you don't have public opinion in your favor? I believe, despite all the blows they have tried to give me, that I have public opinion in my favor and this is an asset for any government. Second, I believe I have the support of the political parties and this also has a value. Third, I have the support of a positive economic situation. Governments can fall with a bad economic situation but we do not have such a situation. Fourth, I believe I have — let us not say the support because that is not the right word — I believe I have the understanding and, in general, have good relations and a good rapport with all media sources. I believe this helps too. Moreover, I have never asked them for a favor that goes against their right to inform. I acknowledge that they have given me an opportunity — most of them have — to give my opinion or the one of the government and that it be taken into account. Thus, I do not have a sensation of weakness. I rather feel that there are several media sources that want to create a situation of uncertainty and destabilization that is not even desirable for them.

[Giraldo] Do you think your enemies have the strength to destabilize Colombia and its institutions?

[Samper] I do believe so. I believe it is part of the collective madness we are living currently.

[Giraldo] Thus, you consider them to be so powerful?

[Samper] Yes, more than powerful in their capability, I consider them to be powerful in their intention.

[Giraldo] Have you had any nightmares in the past days?

[Samper] Yes. For example, one of my nightmares is that one of those who are in jail could break out. That gives me nightmares. Some times I even call the justice minister to ask him if he has counted them.

Vice President de la Calle Expresses Support for Samper

PA1008031995 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 10 Aug 95

[From the "24 Hours Newscast"]

[FBIS Translated Text] Before leaving for Madrid, Vice President Humberto de la Calle talked about the current crisis. Jaime Arias, president of the Conservative Party's National Directorate, immediately refuted his statement.

Before being sworn in as ambassador to Spain, Vice President de la Calle commented in a written statement on the political-juridical scandal regarding the financing of the past Liberal Party campaign. I believe in President Samper's word, and I hope that after a serene evaluation of what happened during the campaign, Colombians will still trust him, he said.

[Begin Arias recording] He does not want to commit himself with the president before the country and admit to Colombians that the campaign for his election was the same one in which Ernesto Samper was elected with

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the same votes, the same money, the same efforts. Was he elected separately? [end recording]

Regarding the incrimination against other people, de la Calle said: The country needs a big dose of serenity to permit pertinent authorities to carefully review the evidence and draw conclusions.

Narino Palace Spokesman Denies Possible Ministerial Crisis

PA0908211395 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 9 Aug 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Attention. Caracol has just confirmed via a Narino Palace spokesman that there will not be a ministerial crisis in the coming hours or later this week. The Narino Palace source denied the report disclosed by a television newscast last night predicting there would be a generalized ministerial crisis today.

The spokesman with whom Caracol spoke explained that there might have been a misinterpretation by the media. In fact, one of the participants in the meeting held by President Ernesto Samper Pizano with representatives of the business sector had asked the president to consider the possibility that the social pact against violence he had proposed could backfire and to study the suitability of restating [replantear] the pact at the highest level.

President Samper told this person publicly that he would carefully consider his respectful recommendation, as well as all those made not only during this meeting, but also during all the other meetings held with other national sectors and during all the meetings he will hold today.

Consequently, Caracol is able to report that there will not be ministerial crisis today or in the current week.

Nevertheless, when the evaluation of the entire process being fulfilled by the president with the country's various political, economic and social groups comes to an end, a small adjustment might take place regarding two or three positions.

However, this has not been decided yet by the president. At this moment, the president is not considering any crisis and all of his ministers have his absolute and total support.

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